
Measuring Stability and Security in Iraq

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Executive Summary

This report to Congress, Measuring Stability and Security in Iraq, is submitted pursuant to Section 9204 of the Supplemental Appropriations Act for 2008, Public Law 110-252. This report was previously submitted pursuant to Section 9010 of the Department of Defense Appropriations Act 2007, Public Law 109-289, as amended. The report includes specific performance indicators and measures of progress toward political, security, and economic stability in Iraq, as directed in that legislation. This is the fourteenth in a series of quarterly reports on this subject. The most recent report was submitted in September 2008. The report complements other reports and information about Iraq provided to Congress and is not intended as a single source of all information about the combined efforts or the future strategy of the United States, its Coalition partners, or Iraq.

The goal of the strategic partnership between the United States and Iraq remains a unified, democratic, and federal Iraq that can govern, defend, and sustain itself and is an ally in the war on terror. The United States is pursuing this goal along political, security, economic, diplomatic, and rule of law lines of operation. This report measures progress toward achieving this goal during September through November 2008 and highlights the challenges to Iraqi and Coalition efforts to achieve their mutual objectives.¹

A major evolution in the strategic partnership between the United States and Iraq, which is defined by the Strategic Framework and Status of Forces Agreements ratified by the Presidency Council on December 8, 2008, is underway. The Council of Representatives' (CoR) approval of these agreements demonstrates the growing maturity of the Iraqi political system and is testimony to the democratic development of Iraq. Under these agreements, which enter into force on January 1, 2009, Iraq will take a major step toward assuming full responsibility for its security.

The overall security situation in Iraq continued to improve during this reporting period. Many factors have contributed to an environment of enhanced security and political progress, including increasingly capable Iraqi Security Forces (ISF) aided by the Sons of Iraq (SoI), Coalition forces' continuing support to the ISF, the demonstrated will of the Government of Iraq (GoI) to counter extremists, and the

rejection of terrorists by the Iraqi people. This period witnessed a nationwide reduction in civilian deaths by almost 63% compared to the same period in 2007. This rate remains lower than at any time since early 2004. Further, while high-profile attacks involving personnel and vehicle-borne explosive devices continue, the number of these attacks and resulting casualties remain at 2004 levels. For the second year in a row, there was no significant increase in violence during or immediately following Ramadan. While overall these achievements in the security sector are increasingly positive, they remain fragile in some places.

The strength of the insurgency continues to decline. Many former insurgent leaders have been neutralized or are now participating in dialogue with representatives of the GoI and joining the political process. Sunni resistance groups have greatly reduced operations in the past year, as many members have joined SoI formations or decided to participate in disarmament, demobilization, and reintegration (DDR) programs. Many of the Sadists are also seeking amnesty and integration and leaving Iranian supported groups, such as Jaysh al-Mahdi (JAM) and its associated organizations. Al Qaeda in Iraq (AQI) is increasingly isolated from the populace. Both Sunni and Shi'a extremist groups, though weakened, are still capable of conducting attacks.

ISF and Coalition forces in Amarah, Basrah, Diyala, Mosul, and Sadr City continue to

pursue remaining extremists and have made significant gains in securing Iraqi population areas, while extending security toward Iraq's borders. The ISF is eliminating many terrorist safe havens and passage points and significantly slowing the inflow of foreign fighters and weapons into Iraq. The number of ISF battalions in the lead or capable of conducting counterinsurgency operations is steadily increasing, as recent operations in Basrah, Diyala, Maysan, Ninewa, and Sadr City have demonstrated. However, these operations underscore that the ISF continues to rely on Coalition enablers in the areas of logistics, fire support, communications, close air support, intelligence, surveillance and reconnaissance, and planning. While the Ministry of Defense has successfully generated and fielded forces, deficiencies remain in maintaining, supplying, and supporting them. In addition, recent activities in Amarah and Diyala have demonstrated a gradual improvement in the ability of the Iraqi Army to command, control, and support units during operations.

These successes have allowed Coalition forces to transition primary security responsibility to the ISF and shift focus to governance and capacity building in the majority of the country. On September 1, 2008, Anbar Province, once an AQI stronghold, transferred to Provincial Iraqi Control (PIC). With the transfer of Babil and Wasit Provinces to PIC in October 2008, the ISF is now in charge of security operations in the majority of Iraq's 18 provinces. Iraq's security has improved as Coalition forces continue to reduce their presence. In this quarter, one U.S. Brigade Combat Team returned home and was not replaced; similarly, the Polish contingent in Multi-National Division-Center (MND-C) returned to Poland and was not replaced. Coalition forces from Albania, Armenia, Azerbaijan, Bosnia, Bulgaria, Czech Republic, Denmark, Georgia, Japan, Kazakhstan, Korea, Latvia, Lithuania, Macedonia, Moldova, Tonga, and Ukraine are in the process of completing, or will have completed, their missions in Iraq and will redeploy by late December 2008.

Currently, 92,000 SoI continue to play a significant role in bringing stability to Iraq. More than 22,000 former SoI have already transitioned to the ISF, other ministries, or other non-security education, training, and jobs programs since 2006. Though the rate of SoI transition slowed in the past year, reintegration efforts have been renewed, and Prime Minister Maliki recently signed an executive order stipulating that the GoI will formally assume responsibility for the SoI. This process began on October 1, 2008, with more than 51,000 SoI transferring to Iraqi responsibility in the Baghdad area. In November 2008, approximately 95% of these SoI were paid by the GoI, which demonstrates the GoI's commitment to the SoI program. Transfer in the remaining provinces will occur over the coming months. This process will require careful oversight to ensure these gains continue.

The most significant achievement during this reporting period is the passage and ratification of the Strategic Framework Agreement (SFA) and a Security Agreement—often called a Status of Forces Agreement (SOFA). The SFA normalizes the U.S.-Iraqi relationship with strong economic, diplomatic, cultural, and security ties and serves as the foundation for the long-term bilateral relationship based on mutual goals. The Security Agreement addresses U.S. presence, activities, and withdrawal from Iraq.

Despite these promising developments, security gains in Iraq remain fragile and reversible. Although there has been a sharp decline in the overall number of civilians killed from violent acts this period, the number of deaths due to assassinations increased. These attacks have primarily targeted Iraqi judicial and legislative officials. In addition, recent perceived violence against Christians in Ninewa has caused concern among national, regional, and religious leaders. Unchecked, these attacks could undermine current stabilization efforts. Furthermore, a number of challenges, if mishandled, have the potential to halt or reverse progress, including the transition of SoI

to permanent employment, provincial elections, disputed internal boundaries (including Kirkuk), and internally displaced persons and refugee returns. Additional challenges to security are posed by AQI and Special Group leaders' attempts to reignite violence, continued malign Iranian influence, and a lack of government services and rule of law.

Iran continues to pose a significant threat to Iraq's long-term stability, territorial integrity, and political independence. Despite persistent promises to the contrary, Iranian behavior continues to reflect a fundamental desire to oppose the development of a fully secure and stable Iraq. Iran attempted, both publicly and covertly, to derail a long-term security agreement between the United States and the GoI, while it continues to host, train, fund, arm, and direct militant groups intent on destabilizing Iraq. Countering malign influence and balancing soft Iranian influence remain priorities to stabilize Iraq and ensure the sovereignty of its people.

Establishing a solid foundation for the rule of law continues to face a number of demanding challenges. Intimidation continues to hinder administration of an effective criminal justice system and is the most immediate threat to advancing the rule of law in Iraq. To combat this threat, the Higher Judicial Council (HJC) has hired additional guards to increase protection for judges and provides transportation for judges who try cases away from their home districts. The Ministry of Interior is also developing a Judicial Protective Service to assist the HJC in providing better protection for Iraqi judges. In addition, courts handling the most serious violent crimes continue to be overwhelmed. The number of criminal cases and the lack of timely and complete investigations, combined with poor court administration and judicial intimidation, hamper the ability of investigative courts to process cases in a fair and timely manner. Despite these challenges, Iraq's judicial capacity continues to grow.

Iraqi leaders continue to make incremental but important political progress. While tensions between political factions have increased during this reporting period, Tawafuq's return to government in July 2008 has been vital in keeping Sunni Arabs politically engaged at the national level to resolve sectarian issues. Iraqi lawmakers demonstrated their ability to reach across sectarian lines and compromise on key issues. As previously mentioned, the passage and ratification of the SFA-SOFA was the most significant legislative advancement this period; however the passage and ratification of the Provincial Elections Law (PEL) in September 2008, requiring elections to be held by January 31, 2009, in 14 of 18 provinces, was also noteworthy. The passage of this law is important to Iraq's national reconciliation process, offering groups that boycotted elections in 2005 the opportunity to constructively engage in the provincial electoral process. In November 2008, the CoR passed an amendment to the PEL to guarantee minority representation in three provinces. The CoR also passed a Census Law in early October 2008. Upcoming legislative priorities include the approval of the 2009 Iraqi Budget and the Hydrocarbon legislation, both now complicated by the drastic fall in oil prices.

Political progress toward a unified national vision for Iraq continues to be hindered by the pursuit of ethno-sectarian agendas and disagreements over the distribution of power. Pending implementation of the Provincial Powers Law underscores tensions between Iraqis who favor government centralization and those who favor strong regional and provincial governments. The lack of progress to implement laws on Amnesty and on Accountability and Justice (de-Ba'athification reform) further demonstrates underlying political tensions. Moreover, the fragmentation of the Shi'a United Iraqi Alliance, perceptions of corrupt or sectarian behavior, and allegations of influence by external actors plague Iraqi politics. Arab-Kurd tensions over Mosul, in particular, as well as the ongoing issue of Kirkuk and other contested internal boundaries and property

rights disputes, continue. Such tensions were manifested recently between the ISF and Kurdistan Regional Government forces in Khanaqin. Additional movement on Article 140, constitutional reform, and other contentious issues will require Iraq's political blocs to reach across sectarian lines and compromise on major political topics.

The Iraqi economy as a whole continues to strengthen as security gains foster a more stable environment for sustained growth. Enabled by the improved security situation and increased oil revenues, the International Monetary Fund's latest forecasts estimate Iraq's overall GDP growth at 9% for 2008. Prudent management by the Central Bank of Iraq continues to keep inflation at moderate levels—the year-on-year core inflation rate for September 2008 was held at 12.9%. The GoI budget has grown significantly over the last three years, from \$24.4 billion in 2005 to \$72.1 billion in 2008. As of the publication of this report, the GoI has not passed its 2009 budget. It is expected to be less than in 2008 due to lower oil prices. While the GoI has demonstrated the ability to execute its operations budget, capital budget execution rates remain low, hampering national growth and limiting investment in critical infrastructure.

The lack of essential services has now replaced security as the most important concern in the minds of most Iraqis, many of whom are not satisfied with the quality or availability of food, clean water, electricity, sewage services, and healthcare. Unemployment and underemployment remain high, further contributing to the dissatisfaction of those seeing little or no improvement in their personal economic situations. While the GoI has made important gains in developing economic capacity, much additional effort will be required to translate these gains into tangible quality-of-life improvements.

Iraq's energy sector is developing capacity at a moderate pace, and though there have been improvements in 2008, the increased energy

demand of Iraq's growing population and economy continues to outpace supply. This continues to provide opportunities for both private and foreign suppliers to profit and gain influence. Through November 2008, oil production has been roughly 2.4 million barrels per day, with exports generating about \$57 billion in revenue so far this year. However, gains in these sectors are currently limited by inadequate infrastructure. Production in the South is declining and will require substantial investment to offset decades of neglect and underinvestment in infrastructure.

Iraq continues to make progress to reduce its external debt burden, and is likely to receive its final tranche of Paris Club debt relief after December 2008, following three years of satisfactory performance under International Monetary Fund Stand-by Arrangements. To date, Iraq has received roughly \$12 billion in debt relief from non-Paris Club bilateral creditors, as well as \$20 billion in commercial debt relief. The U.S. Treasury estimates Iraq's remaining outstanding bilateral debt, including that still owed to the Paris Club, at between \$52 billion and \$76 billion.

The GoI continues to strengthen its bilateral diplomatic relationships with regional partners and the broader international community. In recent months, the Arab League, Bahrain, Jordan, Kuwait, Syria, and the United Arab Emirates have appointed ambassadors to Iraq, and Egypt has also pledged to re-establish its diplomatic mission. Additionally, the United Nations Assistance Mission to Iraq and the NATO Training Mission-Iraq are solidly established and actively engaged in a broad range of efforts.

In summary, political, security, economic, diplomatic, and rule of law trends in Iraq this past quarter continued to be generally positive; however, they remain fragile, reversible, and uneven throughout the country. Much remains to be done, particularly in Ninewa Province, but sustained progress in security has been made, even as Coalition troop strength returned

to pre-surge levels. The ISF continue to improve and lead most security operations in support of the Iraqi people. Improved security has allowed dialogue to continue among Iraq's many groups and political entities. The reduced violence has provided time and space in which political and economic development can occur.

In spite of the continued progress, however, the underlying sources of instability in Iraq have yet to be resolved. Iraq remains fragile because

its major power brokers do not share a unified national vision. They disagree on the nature of the state and are reluctant to share power and resources. As security has improved, enduring political disputes have risen to the forefront, and political tension remains a problem. To achieve sustainable stability and exercise its full sovereignty, the GoI must continue to build its legitimacy by effectively providing for the needs of the Iraqi people, while continuing to try to resolve these political and sectarian divisions.

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Section 1—Stability and Security

1.1 Political Stability

Iraq continued to make incremental political and legislative progress this reporting period. The most significant accomplishments were the passage and ratification of the Strategic Framework Agreement (SFA) and a Security Agreement—often called a Status of Forces Agreement (SOFA)—on December 4, 2008, as well as the Provincial Elections Law (PEL) in September 2008. The return of Tawafuq to the government and the appointment of Deputy Prime Minister Issawi have been signs of re-engagement by Sunni Arabs at the national level. Ongoing operations by Iraqi Security Forces (ISF) against Jaysh al-Mahdi (JAM), Special Groups (SG), and Al Qaeda in Iraq (AQI) in Baghdad, Basrah, Diyala, Maysan, and Ninewa Provinces have demonstrated the Government of Iraq's (GoI) commitment to combating extremists.

Despite marginal improvement, however, political tensions remain high. Kurd-Arab tensions on the status of Kirkuk and disputed internal boundaries were recently manifested by the refusal of the Kurdistan Regional Government (KRG) Peshmerga forces to withdraw from Khanaqin at the request of the GoI. Intra-Shi'a tensions are visible in the actions of the Shi'a Arab political parties in the Council of Representatives (CoR). Sunni – Shi'a tension continues, as some Sunnis remain skeptical of the GoI's commitment to the Sons of Iraq (SoI) program and are suspicious of Shi'a political parties' ties to Iran. Corruption and sectarian behavior add to these tensions. Recent actions within the government to centralize power under the Prime Minister, coupled with the pending shift in the balance of power due to the implementation of the Provincial Powers Law, suggest tensions will continue between those who favor a strong central government and those who advocate for decentralization.

National Reconciliation

There have been some positive developments toward national reconciliation, most notably the willingness of the GoI to confront militias, regardless of sect, and Tawafuq's recent return of its ministers to the government. The Executive Council convened meetings with the leadership of the major power blocs and found compromise on contentious sections of the PEL. The November 3, 2008 passage of an amendment to the PEL establishing set-asides for religious minorities on three provincial councils marks a positive step toward ensuring minority representation in Iraq's political institutions. Similarly, Iraq's political parties have demonstrated a willingness to use the reconstituted Political Council for National Security as a forum for political leaders to discuss national issues among parties. However, despite positive signs of improvement in national reconciliation efforts by senior leadership, there remain divisions and persistent political conflicts over certain key issues. Accordingly, the near-term goal of political accommodation appears more realistic and attainable in the near future than full reconciliation.

Political Commitments

The PEL dispute dominated the fall legislative session. After intense consultations about the status of Kirkuk, internal boundary disputes, and minority representation, the political parties came to a consensus and passed the PEL, with a follow-on amendment designed to resolve the issue of minority representation. The issue of Kirkuk, however, remains unresolved, and provincial elections there have not yet been scheduled. The CoR also passed a Census Law in September 2008 that directs the Ministry of Planning (MoP) to start preparations for a nationwide census. A separate implementation law is required to carry out the census. The CoR also agreed on Iraq's accession to the Arab Counter-Terrorism Convention and a revised Anti-Oil Smuggling

Law. Other legislative priorities this period include the approval of the 2009 Iraqi Budget and the Hydrocarbon Law.

Strategic Framework Agreement and Security Agreement

The most significant achievement during this reporting period is the passage and ratification of the SFA and a Security Agreement—often called a SOFA. The SFA normalizes the U.S.-Iraqi relationship with strong economic, diplomatic, cultural and security ties and serves as the foundation for the long-term bilateral relationship based on mutual goals. The Security Agreement addresses U.S. presence, activities, and withdrawal from Iraq. It ensures vital protections for U.S. troops and provides operational authorities for U.S. forces so the U.S. can sustain the positive security trends as it continues to transition to a supporting role. Implementing arrangements are being worked out regarding the Security Agreement. A referendum on the agreement is expected no later than July 2009.

Accountability and Justice Law (De-Ba'athification Reform Law)

The GoI has not begun implementing the Accountability and Justice Law. The Council of Ministers (CoM) has yet to nominate the individuals to head the new De-Ba'athification Commission. This leaves the original commission in place and hinders implementation. Additionally, despite universal agreement that the law needs to be amended, no effort has been made to introduce the necessary legislation in the CoR. Some Sunnis accuse the government of selectively using provisions to return those former Ba'athists who are deemed politically reliable by the Shi'a-dominated government, while denying positions to those eligible but not politically acceptable.

Provincial Elections Law

The Iraqi Parliament passed the PEL on September 24, 2008, and it was ratified by the Presidency Council on October 8, 2008. Agreement was reached after Shi'a, Sunni, Kurdish, and Turkomen lawmakers adopted the

United Nations Assistance Mission for Iraq (UNAMI) compromise to form a parliamentary committee to review power-sharing in Kirkuk, to delay elections there, and to remove the contentious minority representation article (Article 50). The delay in elections in Kirkuk, coupled with the fact that the PEL allows for elections to take place only in provinces not incorporated into regions (i.e. not in the three provinces that constitute the KRG), means that the upcoming provincial elections will be held in only 14 of Iraq's 18 provinces. Key provisions in the PEL include a hybrid open-list election system, a deadline of January 31, 2009 for holding elections, and a 25% quota for women. Minority representation was addressed through the November 3, 2008 amendment to the PEL that sets aside seats in three provinces for Iraqi minority groups for this election only. Although minority groups were not satisfied with the number of seats allocated, the passage of the law is a welcome sign of commitment to the principle of minority representation.

Disputed Internal Boundaries (Article 140)

UNAMI continues to work to resolve the disputed internal boundaries within Iraq. Its first set of proposals was presented to the GoI in June 2008. Although some Iraqi politicians expressed disappointment with the proposals, there was general agreement that the process should continue, with GoI and KRG officials agreeing to wait for UNAMI's complete report of recommendations before making a final decision. The final UNAMI report will focus on sub-district demography, history, politics, and economics to support its findings on the most contentious remaining disputed areas, including Kirkuk. The report, originally due in October and then delayed to late November 2008, has again been delayed to ensure that its release does not interfere with the elections process. Increased tension around Kirkuk and Khanaqin during the summer legislative recess indicates KRG and GoI inflexibility may complicate future boundary-related negotiations.

Amnesty Law

The Presidency Council approved the Amnesty Law on February 26, 2008, allowing amnesty for Iraqis accused or convicted of certain crimes.² The Higher Judicial Council (HJC) reports that the amnesty review committees have considered nearly 152,000 amnesty petitions and have granted amnesty for more than 121,000 of them.³ However, the large number of petitions is misleading because it reflects the number of petitions granted amnesty rather than the number of individuals—in many cases, individuals filed multiple petitions. In addition to a large number set free on bail, parole, or facing warrants, the total number of Iraqis granted amnesty includes over 23,000. Release from custody for those granted amnesty has proceeded slowly due to political, logistical, and reintegration difficulties, as well as a lack of inter-ministerial cooperation. In various engagements with Ministry of Justice (MoJ), Ministry of Interior (MoI), and HJC officials, all have expressed concern that the law provides amnesty to terrorists. In addition, the existence of fraudulent orders has caused the MoJ to implement redundant authentication procedures to verify authenticity of orders.

A Package of Hydrocarbon Laws

Negotiations between the GoI and the KRG on the hydrocarbon legislation package continue. Until recently, political differences between the KRG and the central government prevented the Hydrocarbon Law and its three supporting laws from progressing. Prime Minister Maliki and KRG Prime Minister Barzani have kept the process moving through personal meetings, though resolving the PEL has pushed the hydrocarbon legislation package to the background. It is likely that several more rounds of negotiations will occur before agreement can be reached.

Government Reform

Ministerial Capacity Development

In June 2008, the U.S. Embassy formed the Public Finance Management Action Group (PFMAG), chaired by the Coordinator for Economic Transition in Iraq and composed of

all U.S. Government entities involved in addressing obstacles to efficient budget execution. The PFMAG provides recurring training and technical assistance to Iraqi ministries and provincial governments. Poor provincial budget execution is a reflection of insufficient training, a shortage of certified accountants, and a lack of clear guidance from Baghdad. To mitigate this problem, Provincial Reconstruction Teams (PRTs) are working to improve the training level of the provincial accountants, and the PFMAG is working to facilitate better communication between the central and local governments.

Provincial Reconstruction Teams

PRTs, Embedded Provincial Reconstruction Teams (ePRTs) and Provincial Support Teams (PSTs) continue to be essential elements in the U.S. strategy for success in Iraq. Currently, there are 29 teams operating in Iraq. There are 11 PRTs led by the U.S. and three led by the Coalition. Additionally, there are 11 ePRTs embedded with Coalition forces that work on sub-provincial stability tasks and four PSTs that work at the provincial level but operate remotely from established bases located in neighboring provinces. These teams are critical to further provincial development and are instrumental in promoting reconciliation, fostering economic development, supporting implementation of the rule of law, and improving the capacity of local governments to execute their budgets and deliver essential services. PRTs helped local governments complete their Provincial Development Strategies (PDSs), which outline broad development objectives for the next three to five years. These strategies help local governments plan and execute their budgets to meet the needs of area residents and provide a blueprint to support Iraq's transition to self-reliance. Currently, the U.S. Agency for International Development's Local Government Program is used by the PRTs to deliver training on skills.

Rule of Law and Criminal Justice Development

Iraq's criminal justice system continues to face a number of serious challenges. Judicial intimidation significantly hinders administration of the criminal justice system and is the most immediate threat to rule of law in Iraq. To combat judicial intimidation, the Prime Minister ordered the MoI, in coordination with the HJC, to establish a professional Judicial Protection Unit. The MoI and HJC are negotiating the implementation of this unit and are working to overcome the institutional and historical mistrust between the Iraqi judiciary and the police.

The Coalition continues to assist in securing courthouses and protecting judges and their families by locating them in secure complexes throughout Iraq. Individual judges continue to live in the first functioning Rule of Law Complex (RoLC) in Rusafa. The Ramadi RoLC is scheduled to open in December 2008. The traveling judge program sends judges from Baghdad to hear cases in areas where local judges are not able to do so because of threats and intimidation. A new class of judges recently graduated bringing the total number of HJC judges and prosecutors to approximately 1,225. Of this number, however, only approximately 300 are serving as investigative judges.

Courts that handle the most serious crimes continue to be overwhelmed, particularly in Baghdad. Approximately 9,000 pre-trial detainees await trial in Baghdad detention facilities. The number of criminal cases and the lack of timely and complete investigations, combined with poor court administration and judicial intimidation, hamper the ability of investigative courts to process cases in a fair and timely manner. HJC efforts to improve judicial throughput include setting daily case processing goals for investigative judges and doubling the combined number of trial panels at the Karkh and Rusafa Central Criminal Courts of Iraq (CCCI) to six. A lack of cooperation between the MoI and MoJ continues to undermine the judiciary's authority and independence.

The MoJ's failure to implement civil orders, particularly those regarding land title conflicts, has lessened Iraqi society's confidence in the rule of law. Returning refugees and internally displaced persons (IDP) may inflame this situation. In response to the lack of inter-ministerial cooperation and ineffectiveness of the Ministerial Committee on the Rule of Law and Detention, the Prime Minister ordered formation of an inter-ministerial committee on detention. This committee has met twice and has been effective in facilitating discussion on solutions to Iraq's detention problems.

The Law and Order Task Force (LAOTF) continues its mission to improve Iraqi investigative and judicial throughput at the CCCI at Rusafa. During this period, LAOTF judicial mentoring teams worked on a new initiative for increased numbers of investigative judges to work at detention facilities in partnership with investigators to eliminate case backlogs. Additionally, LAOTF continues to mentor the Rusafa defense clinic that provides assistance to detainees and ensures their due process rights are protected.

The quality of Iraqi detention facilities and detainee treatment continues to vary. MoI and Ministry of Defense (MoD) forces rely on confessions, often coerced, as a substitute for physical evidence when investigating criminal cases. Coerced confessions also account for the majority of detainee maltreatment reports. By contrast, MoJ facilities are generally staffed with Iraqi corrections officers who are not involved in case investigation. MoJ facilities usually provide adequate life support; however, many of them are overcrowded and receive inadequate healthcare support. Five new prisons, funded by the International Narcotics and Law Enforcement (INL), are scheduled to open over the next six months, increasing prison capacity by more than 6,500 beds. The construction of the INL facilities should alleviate post-trial overcrowding, accommodate convict population growth, and allow closure of decayed facilities. The GoI is in the

preliminary stages of planning four new prisons with a total of 12,500 beds.

Anti-Corruption Efforts

Corruption in Iraq remains a significant problem and an impediment to reconstruction and stabilization. The GoI has made some progress by establishing and beginning to implement a broad anti-corruption strategy. The GoI held two conferences on anti-corruption, the first in January and the second in March 2008. However, there have been no significant developments this quarter.

Transnational Issues

A continuing series of Expanded Neighbors Conferences and international visits highlight growth in the international community's support for Iraq. Conference topics have covered a range of security, energy, refugee, and economic issues, with several resulting in the establishment of new embassies and consulates in Iraq. New ambassadors continue to arrive in Baghdad, including from Bahrain, Jordan, Kuwait, the United Arab Emirates (UAE), the Arab League, and Syria.

International Compact with Iraq

The International Compact with Iraq (ICI) remains a relevant mechanism for coordinating international donor support of Iraq's development and reform process. Iraq continues to make progress reducing and rescheduling debts from the Saddam era. Increased international attention, as evidenced by continued visits by trade missions and foreign investors, demonstrates promise for future integration within the global economy. As reflected in the October 23, 2008 ICI progress report, Iraq continues to strengthen its economy through internal reforms and increased regional and international economic ties and assistance.

Iranian Influence

Since 2003, Tehran continues to invest heavily to gain preeminent political and economic influence in Iraq by maintaining close ties with Iraq's Shi'a political parties and supporting proxy militant groups. For example, Tehran

continues to support JAM leader Muqtada al-Sadr's religious studies in Qom, Iran.

Following the spring operations by ISF in Baghdad, Basrah, and Maysan Provinces, Tehran is focusing on developing its political and economic influence while at the same time strengthening ties with and co-opting smaller groups of more effective militant proxies. Some militants who had sought refuge in Iran are now attempting to return to Iraq, where they would be capable of resuming attacks on Iraqi and Coalition forces. Some of these groups also appear to be involved in criminal activity.

There are reports of Tehran pressuring government officials privately to adopt pro-Iranian positions on such matters as the SFA and Security Agreement, provincial elections, and the disposition of the Mujahedin-e Khalq (MeK). The large number of trips to Tehran by Iraqi officials seeking to consult on such issues testifies to the importance Iraqi decision makers place on Iran's perspective. In the months ahead, Tehran will likely seek to influence Iraq by identifying and supporting pro-Iranian individuals and parties in their bids to win upcoming elections.

Syrian Influence

In September 2008, Syria appointed its first ambassador to Iraq in nearly three decades. The Syrian envoy arrived in Baghdad in mid-October 2008, nearly two years after Syria reestablished diplomatic relations and reopened its embassy with Iraq. Syria hopes these steps toward better diplomatic relations will help secure Syrian economic interests in Iraq. However, Syria's continued tolerance of AQI facilitation activity on its soil obstructs further progress on both the economic and diplomatic fronts. Syria has made limited and sporadic efforts to stem the flow of foreign fighters into Iraq by detaining AQI facilitators and operatives, but it continues to be the primary gateway for foreign fighters entering Iraq. The GoI insists upon more meaningful cooperation in the area of security prior to enhancing economic relations with Syria.

Iraq and Syria are both seeking to resolve the issue of returning the estimated more than one million Iraqi refugees in Syria who continue to strain Syria's economy. The GoI has offered to facilitate the return of any Iraq refugee seeking to repatriate. In October 2008, the Iraqi Embassy in Syria arranged return flights for approximately 200 Iraqi refugees. The vast majority of refugees, however, are Sunni and are not expected to use the repatriation program.

Tensions on the Border with Turkey

Improved Iraqi-Turkish relations are another positive development. Direct engagement with Turkey is proceeding, even though the number of Turkish cross-border operations into northern Iraq in 2008 is higher than in any year since the beginning of Operation Iraqi Freedom. The strikes, however, have been limited in scope, targeting only Kongra Gel (KGK) fighters and facilities in the border area. Cooperation between the KRG and Turkey also continues to improve, despite the October 3, 2008 KGK attack on a Turkish military outpost in southeastern Turkey that killed 17 Turkish soldiers. The attack may have provided the impetus both states needed for improved security cooperation.

Prime Minister Maliki and KRG President Barzani met with a Turkish delegation headed by Special Envoy Ozcelik on October 14, 2008, in Baghdad. This meeting was the first of its kind in nearly four years, as Ankara previously rejected talking with Kurdish leaders unless through a central government. KRG President Barzani and Special Envoy Ozcelik met on October 25, 2008, in Irbil to follow up on the meeting in Baghdad. There continues to be growing recognition among Iraqis, including Iraqi Kurds, of the importance of economic and political ties with Turkey. Although official talks will center on Iraq's improving relationship with Turkey, the two sides will most likely discuss improving relations between Turkey and the KRG, as well as ways to combat the KGK.

Internally Displaced Persons

According to its most recent update, the United Nations High Commissioner for Refugees (UNHCR) reports that there are nearly 2.8 million IDPs in Iraq. Overall, the International Organization for Migration (IOM) and UNHCR report little new displacement in Iraq throughout the second half of 2008. According to IOM's tented camp assessment from August 2008, there are approximately 568 IDP families (approximately 3,400 individuals) living in four tented IDP camps in Iraq. Apart from tented camp residents, IOM estimates that 11% of Iraqi IDPs live in collective settlements, public buildings, and former military camps. Approximately 80% of IDPs live in rented housing or with friends and relatives.

The return of displaced persons has grown steadily throughout late summer and early fall of 2008. Recent return estimates show an increase from approximately 3,000 IDP family returns per month in June 2008 to approximately 6,000 returns a month by August 2008. Although exact numbers of returns are not known, the IOM estimates that most returns have been to Baghdad (26,329 families returned in 2008). Nationwide, most returns (approximately 93%) have been from internal, rather than external displacement.

Voter registration was granted to IDPs during the registration period that ran from July 15 to August 28, 2008. This registration period enabled IDP voters to check the existing voter registry (based on public distribution system records) and register in either an absentee status in their province of origin or register to vote in the province of displacement. Approximately 72,000 IDPs (4% of the post-April 2003 internally displaced population) registered to vote during this period.

United Nations Assistance Mission – Iraq

A new UNAMI-GoI strategic agreement, announced in August 2008 and adopted by the UN Security Council via UNSCR 1830, expressed the broadened mandate and continued presence of UNAMI in Iraq. The

strategy covers UN assistance from 2008 to 2010 and outlines how UN agencies will help Iraq in a variety of areas. This strategy aims to ensure that projects are results-oriented, transparent, and accountable, as required under the Paris Declaration on Aid Effectiveness recently endorsed by Iraq. Funding will occur through three primary mechanisms, including substantial cost-sharing by the GoI, international support through the Iraq Trust Fund, and the Humanitarian Appeal. UNAMI continues to advise the Independent Higher Electoral Commission as it prepares for provincial elections, which are expected to involve more than 15 million Iraqis. UNAMI is focused on increasing its permanent staff in-country and expanding its presence by putting teams with PRTs in Basrah, Kirkuk, Mosul, Najaf, and Ramadi.

Diplomatic Engagements

The GoI continues to reestablish its diplomatic links with its regional neighbors. Countries in the region have significantly expanded their diplomatic presence in Iraq. Over the last several months, there has been a push by Arab States to reengage Iraq through the sending of ambassadors and high-level visitors. These developments underline growing regional confidence in Iraq's future. Official visitors this reporting period have included Egyptian Foreign Minister Aboul Gheit (October 5, 2008), Crown Prince of Abu Dhabi Mohammed Bin Zayed (October 7, 2008), and Bahraini Foreign Minister Sheikh Khaled bin Ahmed al-Khalifa (October 18, 2008). In addition, the

Arab League, Bahrain, Jordan, Kuwait, Syria, and the UAE have all appointed ambassadors who have presented their credentials, and Egypt and Qatar have announced their intention to identify and send ambassadors in the near future. Despite this progress, continuing security issues, combined with the limited capacity of the Iraqi Ministry of Foreign Affairs to support foreign diplomatic missions, hamper the willingness of some countries to permanently station diplomats in Iraq.

Conclusion

During this reporting period, Iraq has made progress in the legislative and diplomatic arenas, the most significant being the passage of the SFA and the SOFA. On the legislative front, the implementation of the PEL is progressing and it appears provincial elections will occur by January 31, 2009. On the diplomatic front, Iraq's engagements with neighbors and the international community are bearing fruit through increased debt relief, greater economic support, and cooperation in other areas. More nations have established diplomatic presence in Baghdad. However, many challenges remain. Political tensions among different factions are at increased levels and key legislation remains stalled. Additionally, Iraqi political leaders must continue to manage lingering sectarianism, work to improve nascent institutions, engage with neighbors, some of whom are not yet fully committed to the GoI's success, and stay committed to resolving the complex task of constructing a democratic state.

1.2 Economic Activity

Energy sector development, moderately improved budget execution capacity, and focused efforts on job creation have contributed to economic growth and improved quality of life. The GoI is making slow but steady progress, but further improvement in budget execution is needed. Agriculture, associated agribusiness, and industry development remain promising solutions for long-term economic growth, job creation, and local economic stability.

Improvements in Iraq's energy sector continue, as the improved security environment has fostered greater electricity generation and distribution throughout the country. As of November 2008, electricity generation now averages nearly 11% more than last year, with fewer blackouts occurring. New plants are scheduled to come on line early next year, further increasing capacity. During the first 11 months of 2008, oil production averaged slightly more than 2.4 million barrels per day (mbbl/d) and exports averaged 1.85 mbbl/d. However, during the second half of 2008, Iraqi oil export revenues fell with declining world oil prices. Without greater domestic and foreign investment, energy sector growth is likely to stagnate in the medium-term.

Economic growth and private investment are pivotal to creating jobs and alleviating persistent unemployment and underemployment. Local, provincial, and regional economies have the potential for substantial job growth through agricultural and agribusiness development. Banking reform will also play an important supporting role in Iraq's economic growth through the restructuring of state-owned banks and encouragement of private sector bank development. Properly functioning pricing mechanisms in key sectors like fuel and electricity could help ensure the efficient distribution of resources and encourage the expansion of energy supplies by decreasing market distortions. Finally, reducing corruption must remain a priority.

Budget Execution

The GoI has shown improvement in its budget planning and execution capabilities. Total 2008 spending is projected to be significantly higher than that of 2007. Similarly, ministerial and provincial monthly capital budget expenditure rates have significantly improved in 2008. Recent events in the world oil market have required the GoI to adjust its oil revenue forecast for 2009. The decrease in the revenue forecast has caused a subsequent reduction in the 2009 spending plan. The revised 2009 budget proposal has not been finalized for review by the CoR; however, the goal is to approve this by the end of December 2008.

2008 Iraqi Budget

The total 2008 GoI baseline budget is \$49.9 billion, an \$8.8 billion increase over the 2007 budget of \$41.1 billion. The GoI increased budgets across the board in 2008, including total allocations of \$3.3 billion for provincial capital budgets and \$9 billion for security budgets (\$3.9 billion for the MoI and \$5.1 billion for the MoD). Late passage of the Iraqi 2008 budget slowed first quarter 2008 capital budget expenditures, but overall spending picked up significantly in April 2008. The Ministry of Finance (MoF) report on expenditures through July 2008 reported total expenditures of \$23.1 billion, compared to \$12.7 billion through July 2007. The MoF special report on capital expenditures indicated that through June 2008, the GoI had spent or committed \$2.8 billion of its annual \$9.6 billion ministerial capital budget, compared to \$2.2 billion through June 2007. As a whole, ministries are accelerating their rate of capital budget execution.

2009 Iraqi Budget-Proposed

Due to the recent decline in oil prices, the Minister of Finance proposed reductions in the Iraqi budget for 2009 to \$67 billion (from \$78.4 billion) based on a forecasted 2009 oil price of \$62 per barrel. Total revenues are forecasted to be \$51.7 billion with a deficit of \$15.3 billion. The proposed 2009 budget is proceeding through the legislative process, and as of

November 27, 2008, the proposed budget has been approved by the CoM and sent to the CoR, where it awaits a final vote of approval. The goal is to pass the budget by December 31, 2008.

Budget Execution Impediments and Challenges
A number of factors have hindered the GoI's ability to execute annual budgets. These factors include inexperience and lack of understanding of the budget process at all levels of the GoI, frustration with and misunderstanding of the roles of the MoF and MoP, confusing rules for attaining and using letters of credit, lack of automated reporting systems, centralized management of budget spending authority, security issues, and the availability of qualified contractors. However, significant progress has been made. As a result of improved security, Iraqi contractors are now willing to work in areas where violence was previously commonplace. Foreign contractors are also more involved in capital projects and are expected to accelerate efforts. The GoI is in its third year of budget formulation and execution, and experience continues to build. In addition, improved training and technical assistance are being provided to all levels of the GoI, as well as to Coalition advisors. The GoI is considering revising regulations that hamper budget execution, including those related to letters of credit.

IMF Stand-By Arrangement and Debt Relief
The International Monetary Fund (IMF) Stand-By Arrangement (SBA) provides a framework for economic reforms in fiscal and monetary policy and financial sector development. Iraq and the IMF agreed to a 15-month SBA in December 2007, following the GoI's two years of satisfactory performance under the prior SBA signed in December 2005. In November 2004, the Paris Club agreed to provide 80% debt relief to Iraq in three tranches. Iraq will receive the third and final 20% tranche of debt relief pending final review of the IMF SBA program in December 2008. Iraq remains on track for successful conclusion of the SBA in the early 2009.

All Paris Club creditors have concluded bilateral debt relief agreements with Iraq, representing \$42.3 billion in relief. Iraq has also continued to obtain some debt relief outside of the Paris Club agreements. To date, Iraq has received roughly \$12 billion in debt relief from non-Paris Club official bilateral creditors and has also received approximately \$20 billion in commercial debt relief. The U.S. Treasury estimates that Iraq's estimated remaining bilateral debt outstanding (including that owed to the Paris Club) is between \$52 billion and \$76 billion. Iraq is studying options to deal with claims of bilateral creditors that do not sign debt relief agreements by the end of 2008.

Indicators of Economic Activity

The Iraqi economy grew 3.5% in the first two quarters of 2008 and is projected to grow 9% in all of 2008, according to the latest IMF projections. However, it should be noted that this latest IMF growth estimate was made prior to the recent drop in oil prices. Year-on-year core inflation, according to Iraq's Central Organization for Statistics and Information Technology, was 12% in 2007, compared to 32% in 2006.⁴ Inflation has trended slightly up so far in 2008. In September 2008, year-on-year core inflation was 12.9%. Stabilization of inflation is attributable to the combination of improved security conditions and the steady appreciation of the dinar. From November 2006 through October 2008, the dinar appreciated against the U.S. dollar by more than 20.9%. Lower inflation rates and an appreciating dinar improved Iraqi purchasing power for basic needs and provided a more stable environment in which the private sector could grow. The Central Bank of Iraq (CBI) has cautiously begun to loosen monetary policy in response to lower rates of inflation, decreasing the policy interest rate from 20% in January 2008 to 15% in November 2008. Unemployment and underemployment continue to be major challenges.

Business Development

The U.S.-designed Iraqi First Program is intended to encourage nationwide Iraqi economic development. The objective is to encourage economic expansion, entrepreneurship, and business development, removing barriers that prevent Iraqi-owned businesses from being competitive with larger international companies in seeking U.S. Government contracts. Joint Contracting Command Iraq/Afghanistan awarded more than \$2.34 billion in contracts to the Iraqi business community during fiscal year (FY) 2008, a \$300 million increase from FY 2007. Over 8,000 Iraqi vendors have now been registered and vetted by the Iraqi Central Contractor Registry.

Through its established effective working relationships with the GoI, the Department of Defense Task Force to Improve Business and Stability Operations (TFBSO) continues to develop business and economic opportunities in Iraq. TFBSO has helped 66 state-owned factories either restart or increase production. Of the \$50 million appropriated by Congress in the FY 2008 Consolidated Appropriations Act, the Factory Restart Program has obligated \$15.6 million toward 13 capital improvement projects for four factories located in Basrah Province in the petrochemical, fertilizer, cement, and steel industries. The remainder of this appropriation (\$34.4 million) will be obligated by the end of the calendar year. These projects provide the equipment, supplies, and training necessary for factories to start or increase operations and provide additional employment opportunities for Iraqi citizens.

In recent months, TFBSO has played a primary role in introducing a growing number of international firms to investment opportunities in Iraq and facilitating their entry into this emerging market. Examples include Cummins Engine, which recently announced it will develop a facility to rebuild generators in Iskandiriya; Caterpillar, which has already broken ground for a generator rebuilding facility in Baghdad; and Woven Legends, an

international hand-woven carpet maker that has ordered wool from the KRG for use in its carpet factories. The TFBSO is currently supporting more negotiations for State-owned enterprise (SOE) rehabilitation and privatization. This involves the Iron and Steel Company in Basrah, the Northern Fertilizer Company in Bayji, and the State Company for Electrical Industries in Diyala. This support will continue for the next round of negotiations, as more SOEs will be announced as investment opportunities.

The Procurement Assistance Center (PAC), established by the TFBSO in the summer of 2007, continues to facilitate execution of large-scale procurements, particularly in the Ministries of Health and Transportation. Every month, the TFBSO has hosted investors in Iraq from the Middle East, Europe, and the United States. Proposals continue to be submitted for review to the National Investment Commission. Over 110 investment commission personnel attended an initial training session in mid-October 2008, which will be followed by further training in December 2008 and February 2009.

Banking Sector

The banking sector in Iraq consists of 40 banks with over 700 branches nationwide. According to the CBI, there are seven state-owned banks and 33 privately-owned banks conducting business in Iraq. Of the 33 privately-owned banks, six are considered foreign-owned (having more than 50% foreign ownership). The Banking Law of 2004 limits the number of foreign-owned banks to six until December 31, 2008. Currently, the two largest state-owned banks, Rafidain and Rasheed, are undergoing a comprehensive restructuring with World Bank and IMF guidance.

While state-owned banks continue with their restructuring efforts, TFBSO has focused its efforts on developing the private banking sector. The banks are making progress, as evidenced by the opening of 20 ATMs in Baghdad this year and the announcement of the

new biometric smart card that will permit automatic deposits into the individual's account on the card, ATM uses, and points-of-sale capabilities. This will reduce the nation's dependence on printed currency and move Iraq into the electronic banking age.

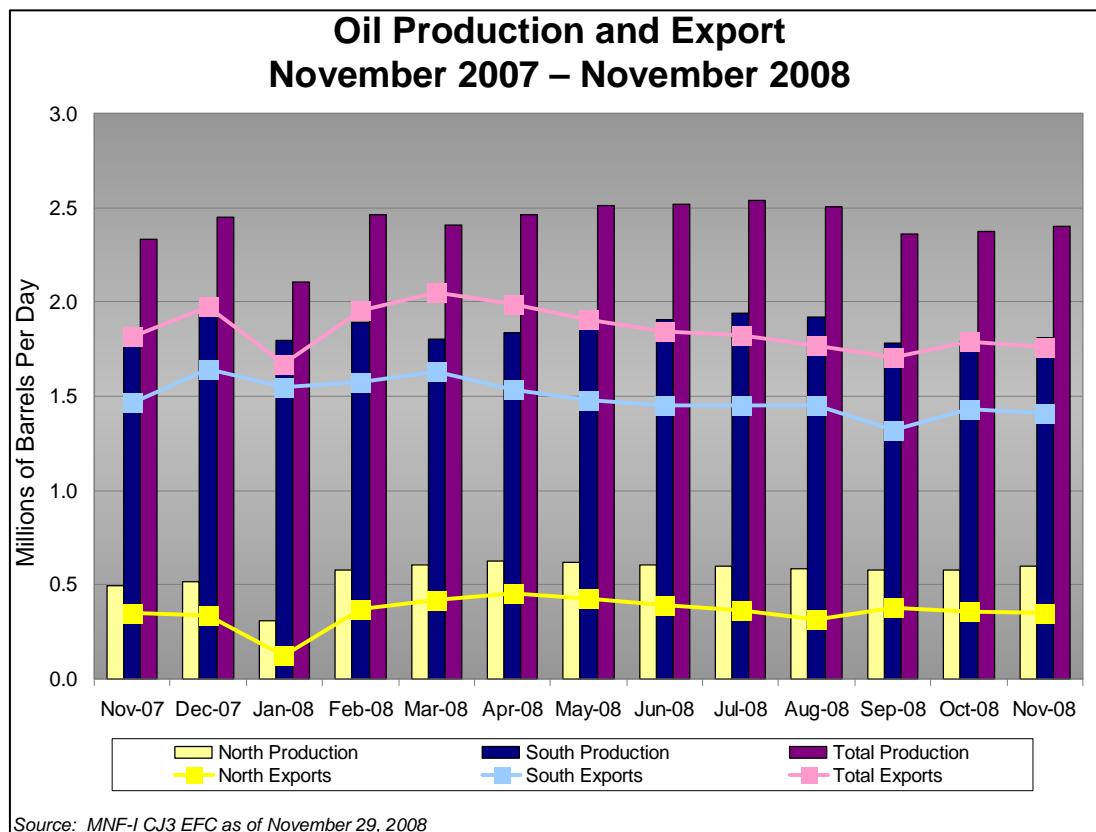
Oil Industry

Iraq's oil industry has continued to show progress by increasing internal production of refined products, repairing critical infrastructure, and planning to develop export capacity. Fundamental issues, such as the passage of hydrocarbon legislation and the need to invest in basic infrastructure, have not been resolved.

Crude oil production increased in 2008 but leveled off at about 2.4 mbbl/d in November 2008. Iraq earned \$41 billion from crude oil exports in 2007, an increase of about \$10 billion over 2006. Oil revenues increased significantly in 2008, primarily because of high world oil prices in the first half of 2008. As of November 29, 2008, the estimated revenue year-to-date is \$56.9 billion.

Significant increases in crude oil production and export will require major new investment. Ministry of Oil (MoO) estimates indicate that approximately \$75 billion in new investment will be required to increase production from the current 2.4 mbbl/d to the MoO's goal of 6.0 mbbl/d by 2017. This investment would cover new technology, advanced equipment, significant maintenance and improvements on existing infrastructure, and training for MoO employees.

Security improvements have contributed to increased production and exports. In May 2008, the Oil Pipeline Company (OPC) deployed two repair teams to the Bayji-to-Baghdad pipeline corridor. An OPC repair team also deployed and began repairs on the 16-inch refined product line from Bayji to the Hammam Al Aleel depot near Mosul. While the repairs are unlikely to be completed before April 2009 due to the scope of the damage, this effort will greatly increase the MoO's ability to distribute fuel to the largest city in the North without having to rely on a large number of easily-diverted tanker trucks. The Pipeline



Exclusion Zone (PEZ) program remains on track for completion, with the Bayji-to-Baghdad PEZ currently 57% complete and Doura-to-Hillah PEZ 97% complete.

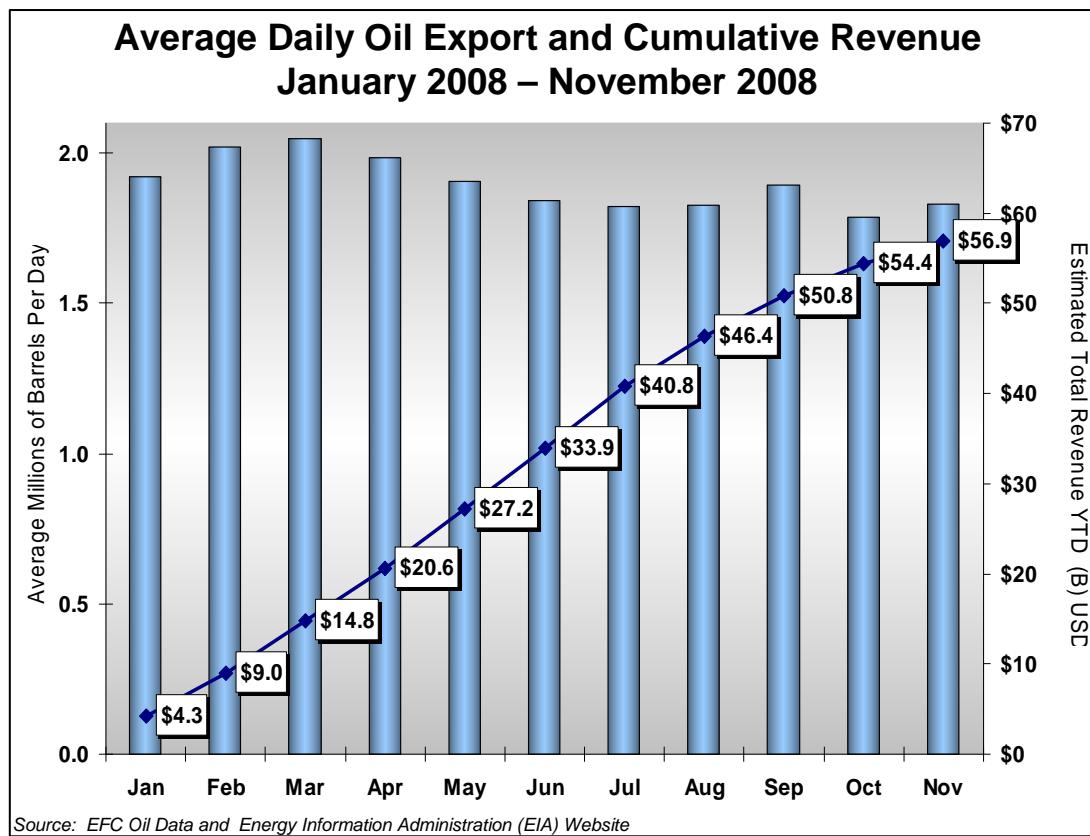
Even in the absence of hydrocarbon legislation, Oil Minister Shahristani has been moving forward on commercial arrangements with foreign oil companies. On August 27, 2008, the MoO announced that the CoR had approved a \$3 billion Technical Service Contract with the China National Petroleum Corporation (CNPC) to partner with the MoO's North Oil Company to develop the Ahdab oil field in Wasit Province. The CNPC contract was followed with a September 22, 2008 signing of a Heads of Agreement between Shell and the South Gas Company (SGC). Shell and SGC plan to form a joint venture to implement a 25-year project to capture flared gas and provide it both domestically and for export. On October 13, 2008, Oil Minister Shahristani met in London with representatives from the 34 international companies that qualified for the first licensing round for Technical Service Agreements.

Under the terms of the 20-year contracts, the

companies would be required to form joint ventures with the majority ownership held by Iraqi state-owned company partners and supervised by a mostly-Iraqi joint board.

Agriculture

A productive agriculture sector is vital to Iraq's economic, social, and political stability. Agriculture produces about 8% of GDP and employs about 25% of the labor force, making it the second largest source of GDP and the largest source of private-sector employment in Iraq. Iraqi domestic food production, however, continues below its potential, primarily due to government policies not conducive to increasing productivity and competitiveness in world markets, outdated technology, inadequate and unstable electric power and fuel, breakdown of the long-standing irrigation water-management system, outdated agricultural knowledge and processes, insufficient credit and private investment capital, inadequate market information and networks, and security concerns. As a result, the GoI currently imports at least 50% of the food needed for domestic consumption. This situation has been



exacerbated by a drought during the winter of 2007 and 2008 that severely reduced crop production in the North. The GoI is now implementing several programs to mitigate the effects of this drought. Progress continues on the Nassariyah Drainage Pump Station and the Eastern Euphrates Drain. Recent research indicates that 85% of Iraqis believe they have enough to eat at least some of the time.⁵ This belief has been constant over the last 12 months.

Essential Services

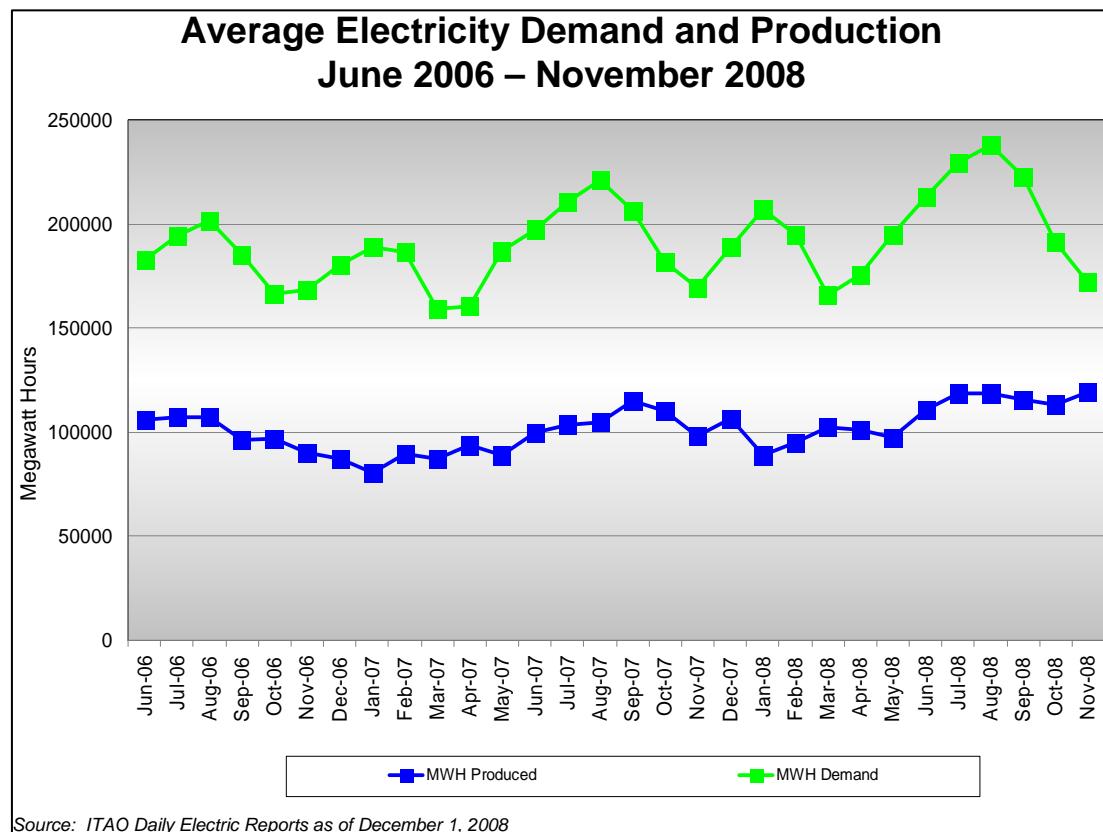
Iraqi leaders have made some progress delivering essential services such as electricity, water, and healthcare, though progress varies by locale. Although the U.S. Government and the GoI have completed several projects designed to improve the delivery of many essential services, increases in supply have not kept pace with demand. As the U.S. has ceased funding large-scale infrastructure reconstruction programs, Iraq has significantly increased its spending on these projects, as well as on the operation and maintenance of existing projects. Successfully expanding Iraq's budget execution

capabilities is fundamental to further improving the delivery of these services.

Electricity

The Iraqi Government continues to manage the electricity sector with increased effectiveness, as evidenced by the absence of blackouts in the national grid since May 2008. Though development of an overall master plan to bring the electricity grid up to modern standards has been slow, important progress has been made. Improved security has nearly eliminated interdictions, allowing crews to immediately get to damaged tower sites and begin repairs. In September 2008, sand storms knocked down several towers and the Ministry of Electricity (MoE) had crews on-site within 24 hours to begin repairs. This is a significant improvement to the weeks of planning and coordination previously required. All infrastructure hardening projects around Baghdad are complete.

Despite progress, years of neglect and a lack of maintenance culture and technical training continue to hamper electricity generation in Iraq. Research indicates that only 33% of

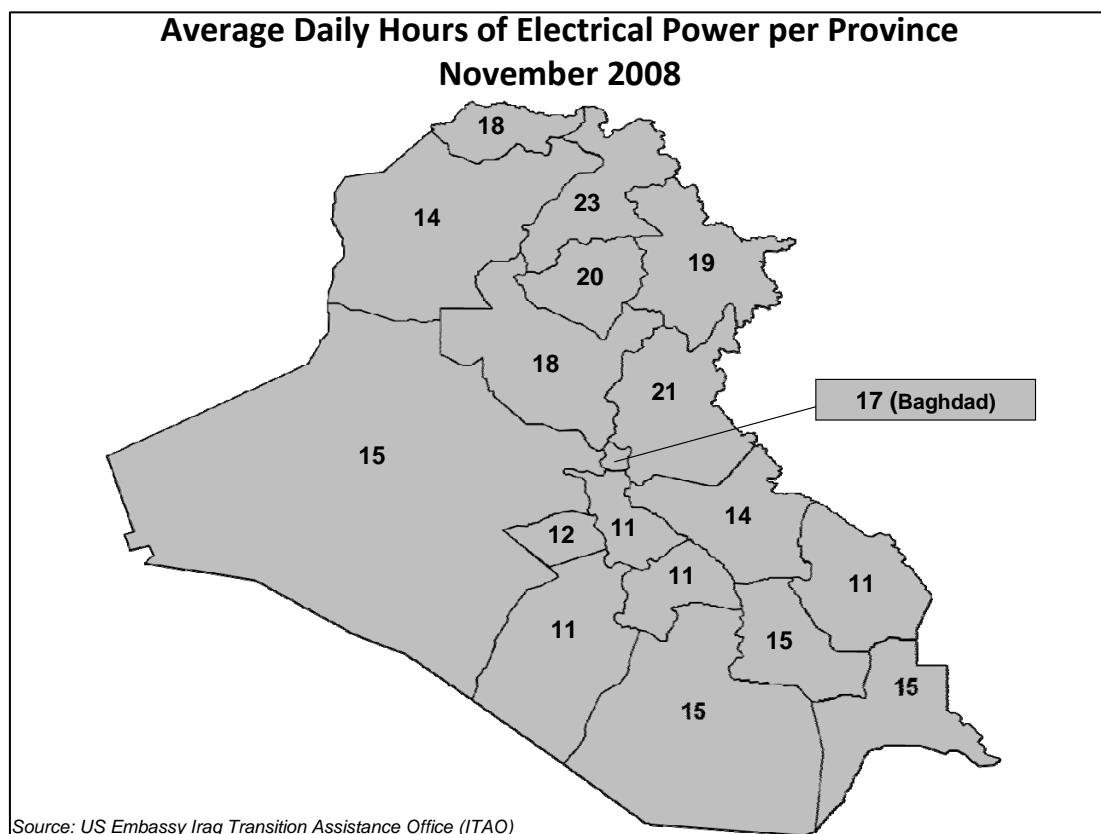


Iraqis feel they have been able to get the electricity they need at least some of the time.⁶ This is nine percentage points less than the previous ten-month average. Only 16% of Iraqis are somewhat or very satisfied by the amount of electricity they are receiving, down from 32% who felt satisfied in November 2007.⁷ An average of 150 megawatts (MW) per day is lost due to the lack of fuel and the need for improvements in distribution. Continued political engagement is required to build upon progress and ensure continued aggressive pursuit of new generation.

Earlier investment by the GoI, the KRG and, the U.S. has started to add new generation to the grid. The overall average generation for January to November 2008 was 11% higher than the same period last year. Although continuing drought conditions resulted in a loss of over 200 MW per day from hydroelectric power, the national average was 14 hours of power for January through November 2008. On average, 69% of calculated nationwide demand was satisfied during November 2008, while the demand satisfied for Baghdad also

increased to 63%—up from 60% in October 2008, 52% in September 2008, 50% in August 2008, and 51% in July 2008. Recently the calculated demand has decreased as a result of seasonally lower temperatures and is expected to continue to drop until the start of the winter season in December. In addition, to maximize the efficiency of existing generation capability, the MoE signed a six-month operations and maintenance support contract on October 7, 2008. This contract will provide full-time coverage for four generation sites and traveling support to one other site.

New generation projects in the KRG continue to progress as scheduled. Using private investors and alternative building methods, the KRG has been able to install new capacity in a short period of time. The MoE has several new projects that will start coming on line during the next year, including the 60 MW Samawah diesel plant, the 340 MW Samarra diesel plant, and the final three units at the Mussayib gas turbine plant. The MoE has also been identifying and developing a list of approved contractors to bid on an engineer, procure, and



construct contract for 500 MW of new generation to be provided by eight turbines contracted for May 2009.

In a long-term effort to close the demand and supply production mismatch, Iraq has recently signed Memorandums of Understanding worth billions of dollars with several companies for approximately 17,500 MW of new generation. This new generation should be online between 2012 and 2016, based on the delivery schedule of the units. Although gas turbine units can help relieve short-term demand, the GoI will also need to invest in long-term thermal power plants and a comprehensive operational maintenance support program as well. Along these lines, the Minister of Electricity visited Russia this fall to re-engage on two previous contracts, one for the completion of the Yossifia power plant and the other to rebuild two units at the Hartha power plant, both designed as thermal plants. In addition, the contract with a Turkish Company for electricity to Dahuk was recently extended to cover the period of July 1 to December 31, 2008, with no interruption in the flow of power. Also, in September 2008, a delegation from the MoE flew to Turkey to start negotiations for a new contract. Imports from Turkey have continued to average of 2,880 MW-hours daily, while imports from Iran have averaged 7,200 MW-hours daily.

Water and Sewer

Several important projects enhancing water and sewer capability are underway. The Sadr R3 Water Treatment Plant has been operating at full capacity since mid-September 2008, and the plant will be turned over to the Baghdad Water Authority by the end of December 2008. The Mishkab Water Supply project in Najaf is currently 25% complete. This project is being executed under a \$23 million grant to the Ministry of Municipalities and Public Works and is due to be completed in 2009.

With respect to water treatment plant operations, maintenance, and sustainment, the GoI continues to struggle. A major challenge to

providing potable water to the Iraqi populace is the GoI's lack of maintenance and replacement of existing infrastructure. The compromised integrity of these water distribution systems makes the system susceptible to infiltration of sewage and other contaminants, increasing the potential for disease. National polling indicates that 64% of Iraqis can get safe clean drinking water at least some of the time.⁸ This is down seven percentage points from November 2007. While the majority of Iraqis can get safe drinking water, only 31% are satisfied with the availability of drinking water.⁹ This percentage is the same as in November 2007. Only 39% of Iraqis state that they have a working sewage disposal system at least some of the time, down nine percentage points from November 2007.¹⁰ The percent of Iraqis satisfied with sewage disposal services is 26%, about two percentage points higher than in November 2007.¹¹

Healthcare

The Ministry of Health (MoH) continues to make modest gains in nationwide healthcare delivery. The MoH public health awareness initiatives and responses to disease outbreaks have been effective this year. The MoH placed educational spots in print and electronic media, including innovative mass cell phone text messaging on health education.

The MoH and the Basrah Health District, in a teaming arrangement with Project Hope, the U.S. Army Corps of Engineers Gulf Region Division, and the UN Development program, is constructing a \$150 million, 94-bed, pediatric, clinical, and state-of-the-art training hospital with a focus on oncology. This is the first new hospital in Iraq in 28 years. When fully operational, this hospital will include an outpatient facility providing a full spectrum of outpatient services and related inpatient services, including general medicine, audiology, dental services, and ophthalmology. Additionally, the PAC is assisting the MoH with the development of a contract to construct five 400-bed teaching hospitals.

Returning physicians to Iraq remains essential to a quick recovery of the nationwide healthcare system. Iraq has approximately 16,000 physicians in-country, about a quarter of what it needs to match Jordan's number of physicians per capita. Expatriate physicians cite concerns about safety, abductions, problems with visas, and discrepancies in pay as reasons for not returning. However, in March 2008, the MoH reported only 200 physicians returned in 2007. In contrast, by September 2008, the MoH reported over 800 physicians have returned this year at a rate of about 80 physicians returning per month. Despite this initial progress, the returns have had only marginal effects on Iraqis perceptions on health services, as national polling indicates that 26% of Iraqis are either somewhat or very satisfied with health services. This is ten percentage points lower than in November 2007.¹²

Transportation

Iraq's comprehensive transportation infrastructure plan combines the efforts of the U.S. Government and the GoI to develop road, air, water, and rail transportation. The growth, development, and maintenance of this network are vital to Iraqi stability and security. Efforts continue toward revitalizing the Port of Umm Qasr as a core element in developing a modern intermodal transportation system serving all of Iraq. The U.S. Embassy Office of the Transportation Attaché (OTA) and MNF-I are working with the GoI to improve operational efficiency, security, and throughput at the port. The OTA is also completing the last phase of the U.S.-funded repair of two container cranes in Umm Qasr South Port. The OTA and MNF-I, in conjunction with the U.S. Coast Guard, are also supporting offers by the GoI to achieve compliance for the Port of Umm Qasr with the International Ship and Port Facility Security Code of the International Maritime Organization.

Aviation continues to grow at a rapid pace in Iraq. Mosul Airport began regularly scheduled Iraqi Airways flights in September 2008. The twice-weekly flights to Baghdad represent the

first time since the first Gulf War that Mosul has had commercial air service. Najaf Airport began commercial flight operations in November 2008. The GoI depends heavily on contractor support for air traffic controllers, but air traffic controller training continues at Basrah and Baghdad Airports, as well as at the Baghdad Area Control Center (BACC). Currently, the BACC controls all air traffic in Iraq at and above 29,000 feet. Plans are being finalized to increase the airspace under the BACC's control to 24,000 feet and above starting around January 1, 2009. At Basrah Airport, a full U.S.-funded suite of radar and navigational aids is complete and currently undergoing flight checks. This project will equip Basrah Airport with all of the necessary tools to meet the needs of commercial operations. In early October 2008, Iraqi Airways took delivery of the first new aircraft in over twenty years.

Conclusion

While the Iraqi economy has shown important progress, substantial challenges remain. Oil production, the driving force behind the recent growth in the economy, has leveled off, while the price of oil has dropped significantly in world markets. With provincial and central government support, agriculture and agribusiness can contribute significantly to economic growth, private development, and job creation. Iraq's ability to execute its budget and improve delivery of essential services is invariably linked to its political stability and security at the provincial and local levels. However, the mix of capital and current expenditures is expected to change, with the capital budget expected to decline by nearly 32% in 2009, from \$21.1 billion to \$14.3 billion. Capital spending may still increase in 2009, as the GoI is not expected to spend its entire capital budget in 2008. Further significant increases in oil production from either the North or South will require extensive investment in infrastructure and technical support. For improved access to foreign capital, the GoI must continue to implement economic reforms and improve technical capacity at the national and provincial

levels in order to support continued economic growth and job creation, improve delivery of essential services, and stimulate investments in its oil and electricity sectors as outlined in the

SBA and the ICI. These reforms are essential to attracting increasing amounts of foreign investment and developing a thriving private sector and banking sector.

1.3 Security Environment

The security environment in Iraq continues to improve as violence has dropped dramatically in the last 20 months and normal life is returning to the country. Many residents now express greater hope for the future and are demanding a better standard of living. The progress made has been significant, but more work remains to be done.

Overall Assessment of the Security Environment

The insurgency in Iraq continues to decline but remains dangerous. Of primary concern are Shi'a militia groups, including JAM and SG, Sunni resistance groups, and AQI. Coalition and ISF operations continue to severely impede AQI's freedom of movement and re-supply capabilities. As a result, AQI has shifted its tactics to include using suicide vests and female recruits to carry out high-profile attacks. Recently, one third of suicide bombers have been reported as female.

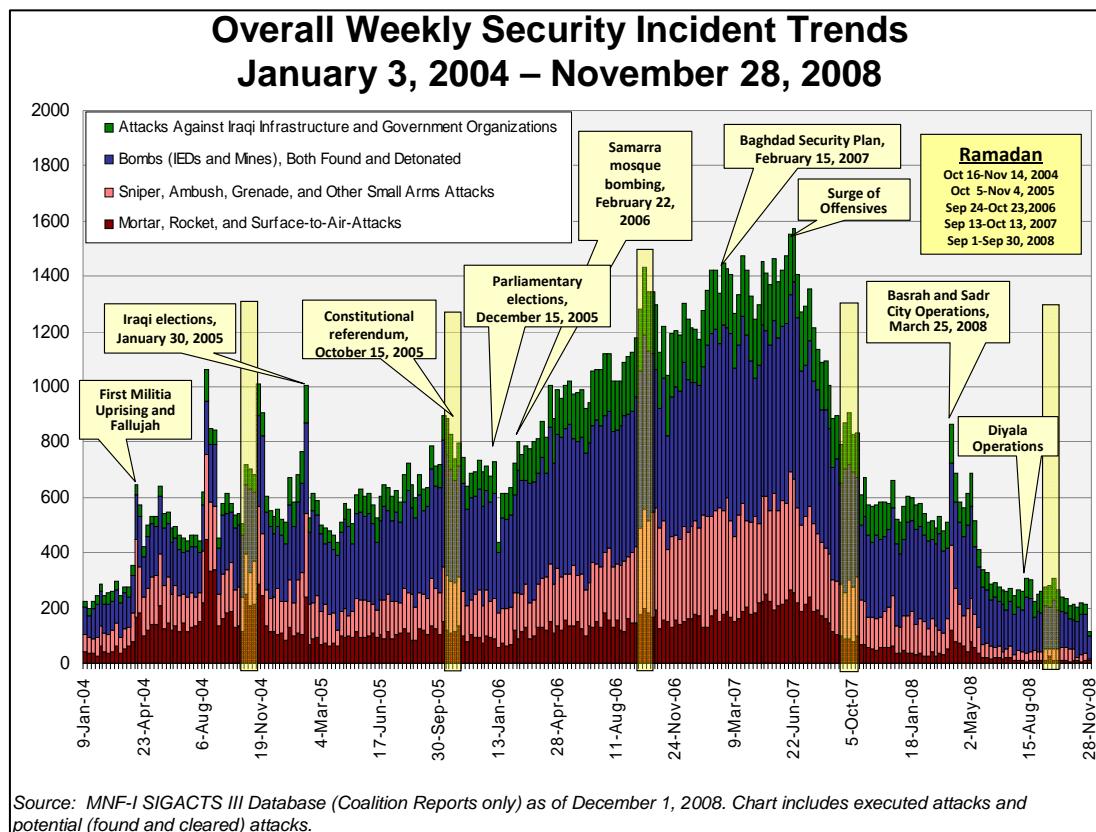
Al Qaeda in Iraq

AQI's attack network is under considerable

pressure and its capabilities have been significantly degraded by Coalition forces, ISF, and SoI security, policing, and border security operations. AQI's setbacks include leadership losses, financial and operational difficulties, and declining morale. However, while AQI has lost numerous key leaders in the past several months, it retains limited freedom of movement in rural and some urban areas, as well as the ability and intent to carry out limited high-profile attacks within key urban centers, such as Baghdad and Mosul.

Shi'a Militias

Just as AQI operations have been disrupted, so too have the operations of JAM and SG, including Asa'ib Ahl Al-Haq (AAH). Operations since April 2008 in Basrah, Baghdad, Maysan, and Diyala Provinces have displaced JAM and SG, causing their leadership to flee to Iran. Both JAM and AAH are training in Iran and have begun to attempt to re-infiltrate Iraq and conduct operations. However, reporting indicates that JAM, SG, and AAH are having difficulties returning due to Iraqi and Coalition operations. Some have elected to stay in Iran



due to significant losses, the difficult operating environment, and continued attrition of leadership from Coalition and Iraqi force operations. These developments have caused the groups to consider reconciliation with the GoI in return for amnesty, political representation, and opportunity.

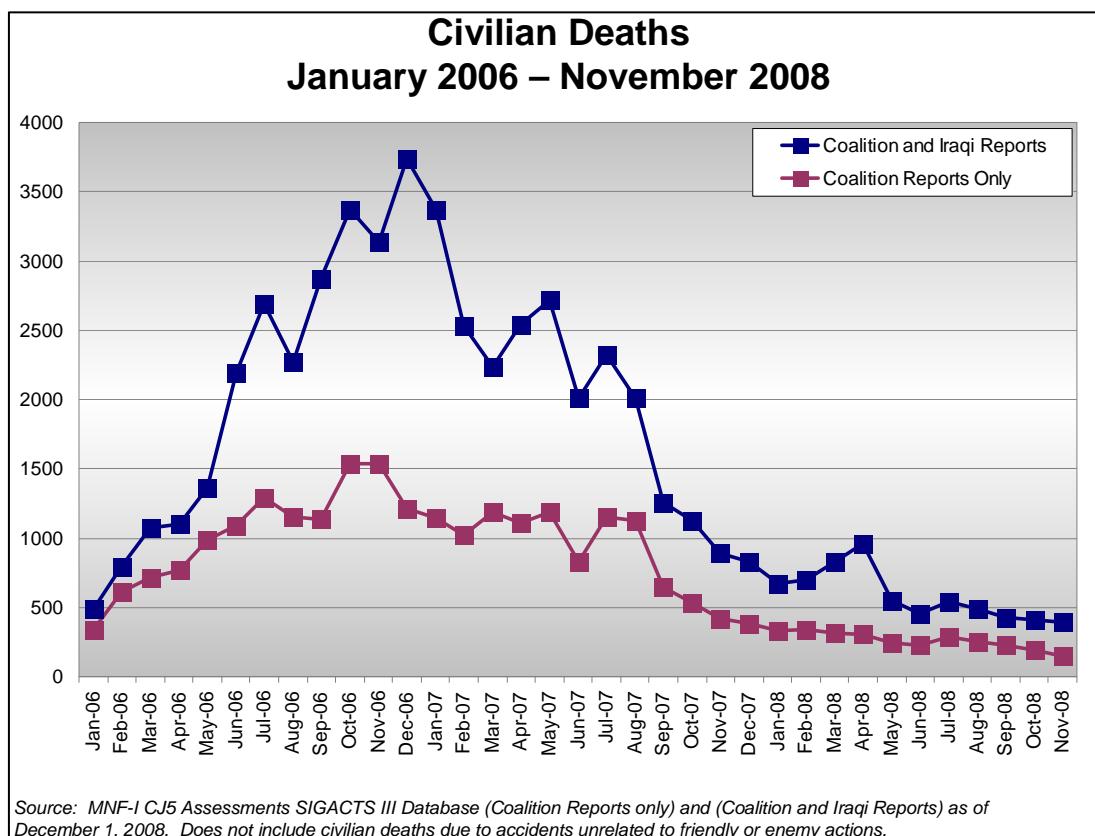
Sadr continues with the reform announced in June 2008 to transform JAM into a social and cultural movement named *al Mumahiddun*, while retaining a small residual militia capability that can target his adversaries (including Coalition forces) and support his power base. Sadr is emphasizing control over the various elements of his organization to prevent rogue elements from conducting operations while he seeks to rebuild JAM's popularity prior to provincial elections in 2009. Sadr will not allow his organization to participate directly in upcoming provincial elections but will likely endorse candidates, form political alliances with other parties, and run candidates as independents or as part of front parties. He is attempting to use *al Mumahiddun* as a provider of services to the Shi'a people.

Although results have yet to be seen, this could bolster his organization's political credibility and is indicative of a greater emphasis on coalescing populace support over violent insurgency. By concentrating on building *al Mumahiddun* and deemphasizing violence, Sadr may be positioning himself for a possible reconciliation and reentry into Iraqi politics.

Sons of Iraq

The SoI have proven to be a strategic asset that directly contributed to the 83% reduction in violence in the Baghdad Security Districts since August 2007. On October 1, 2008, the GoI began assuming control of the SoI program and took responsibility of nearly 51,000 SoI in the Baghdad area from Coalition forces. In November 2008, the GoI paid approximately 95% of these Bagdad SoI, thus demonstrating commitment to the program.

The GoI has pledged that 20% of the 92,000 SoI will be transitioned to the ISF and the remaining SoI will be vetted for other civil servant positions. In the longer term, plans include increased education and training and



private sector employment opportunities. Throughout the initial transfer and transition period, Coalition forces are monitoring the program to include overseeing payment of SoI members now under GoI control. While the initial success of the transfer to the GoI is encouraging, continued close attention is necessary to both the Baghdad SoI members, as well as the SoI in Diyala, who are expected to transfer in December 2008. Tension between the SoI and local authorities in Diyala is high, as many are angry about the recent arrests of several SoI leaders in Baquba. Proper management of SoI groups to ensure their successful reintegration is critical for long-term stability in Iraq.

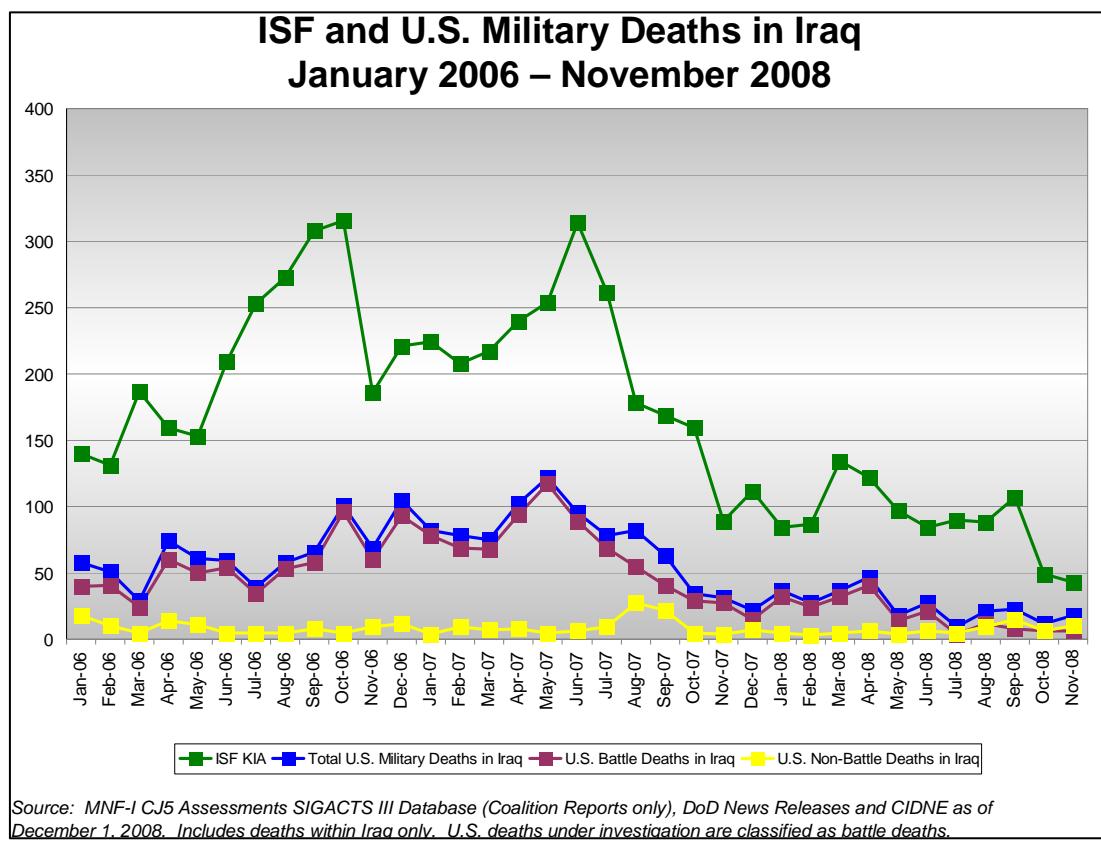
Daughters of Iraq

The GoI faces increased demand for female security personnel because of the large increase in female suicide bombings—41 women have carried out suicide attacks this year, primarily in Diyala, Baghdad, and Anbar (compared to eight in 2007). As a result, the GoI has increased efforts to hire women into the police and volunteer security programs to provide a

culturally acceptable means to search women and deal with related threats. To date, approximately 1,000 women have joined the Daughters of Iraq, partnering with the SoI to provide an added security capability in Baghdad, Diyala Province, and some areas of Salah ad Din. However, religious, societal, and bureaucratic factors threaten to undermine recruitment. Female police and volunteers face substantial hurdles to gain societal acceptance.

Joint Security Stations

Iraq has seen improvements in its security situation over the last year due to the fact that Coalition and Iraqi forces live among the population in jointly-operated Joint Security Stations and Combat Outposts dispersed throughout local communities. Sustained security force presence has disrupted insurgent and terrorist operations and has helped earn the trust, confidence, and support of local residents. As a result, local citizens continue their work with Coalition and Iraqi forces to deny insurgents sanctuary in their neighborhoods and to identify weapons caches. The continuous presence and increased effectiveness of the ISF



has also helped ease the distrust between different ethnic and sectarian populations and has facilitated the return of some displaced persons. Additionally, the local partnerships and continuous interaction between Coalition and Iraqi forces have helped to professionalize the ISF and have enabled them to lead their own operations.

Attack Trends and Violence Assessment

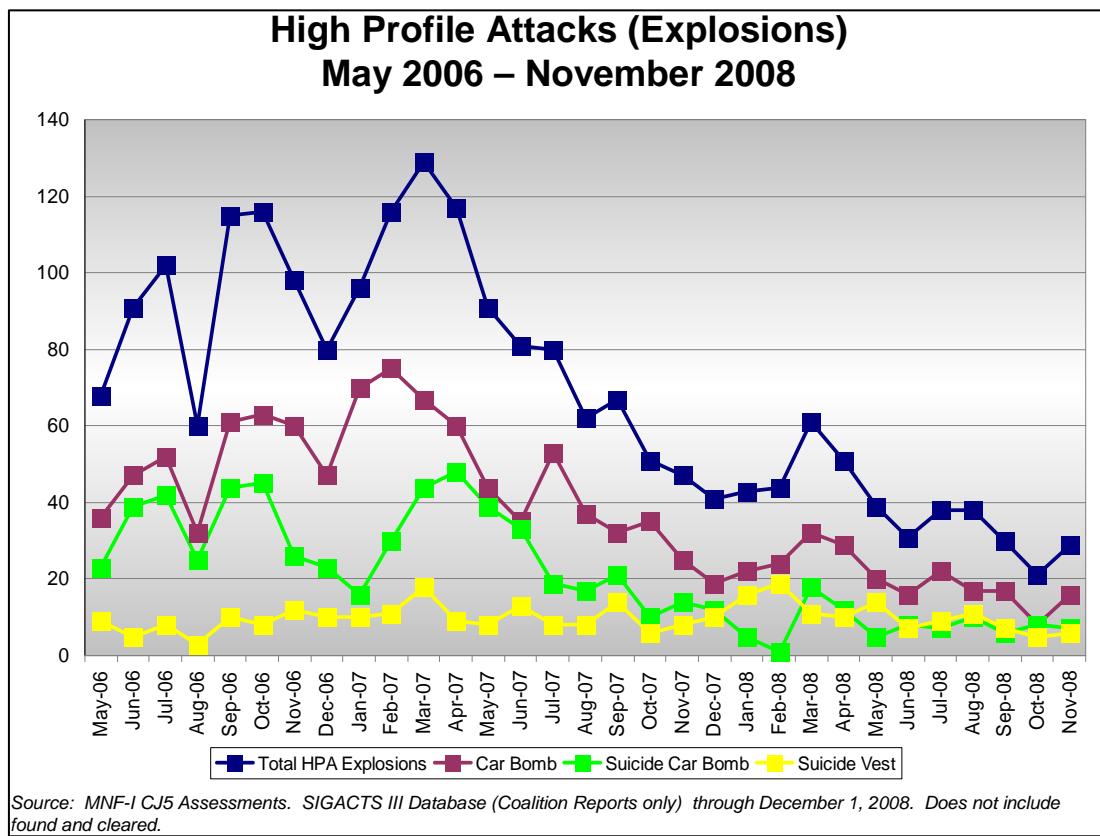
Civilian deaths across Iraq have declined dramatically. During this reporting period, there were 63% fewer deaths than during the same period one year ago. Although periodic high-casualty producing vehicle-borne and suicide vest bombings continued, these attacks have not rekindled a cycle of ethno-sectarian violence.

High-Profile Attacks

In November 2008, the number of monthly high-profile attacks (HPA), including HPAs found and cleared, decreased 59% nationwide from this year's high in March 2008. The current level is lower than at any time since the spring of 2004; however, AQI retains the intent

and capability to carry out spectacular attacks. During this reporting period, 35% of all casualties were from HPAs. AQI's use of person-borne improvised explosive devices (PBIED) and female suicide bombers remains a key tactic, especially as population security measures and local opposition to AQI in some provinces make effective targeting using suicide vehicle-borne improvised explosive devices (SVBIED) more difficult. PBIEDs continue to be a deadly weapon in the insurgent arsenal and are most commonly associated with AQI, although they are not limited to that group. Explosively-formed penetrator (EFP) incidents have decreased over the past few months to the lowest rate since early 2006. With so many key leaders killed, detained, exiled, or hiding to avoid arrest, multiple intelligence reports indicate the remaining lower-level fighters are struggling to obtain and emplace EFPs and execute attacks.

Increased border and clearing operations in south and central Iraq have also combined to disrupt the movement and storage of EFP components. Over the past four months,



intelligence reports suggest arms and component facilitators are experiencing increasing difficulties in transiting the borders and accessing caches. This, coupled with the recovery of over 8,600 caches containing numerous EFP, artillery rounds, and mortars, has made it difficult for AQI to resupply.

Security Assessments by Region

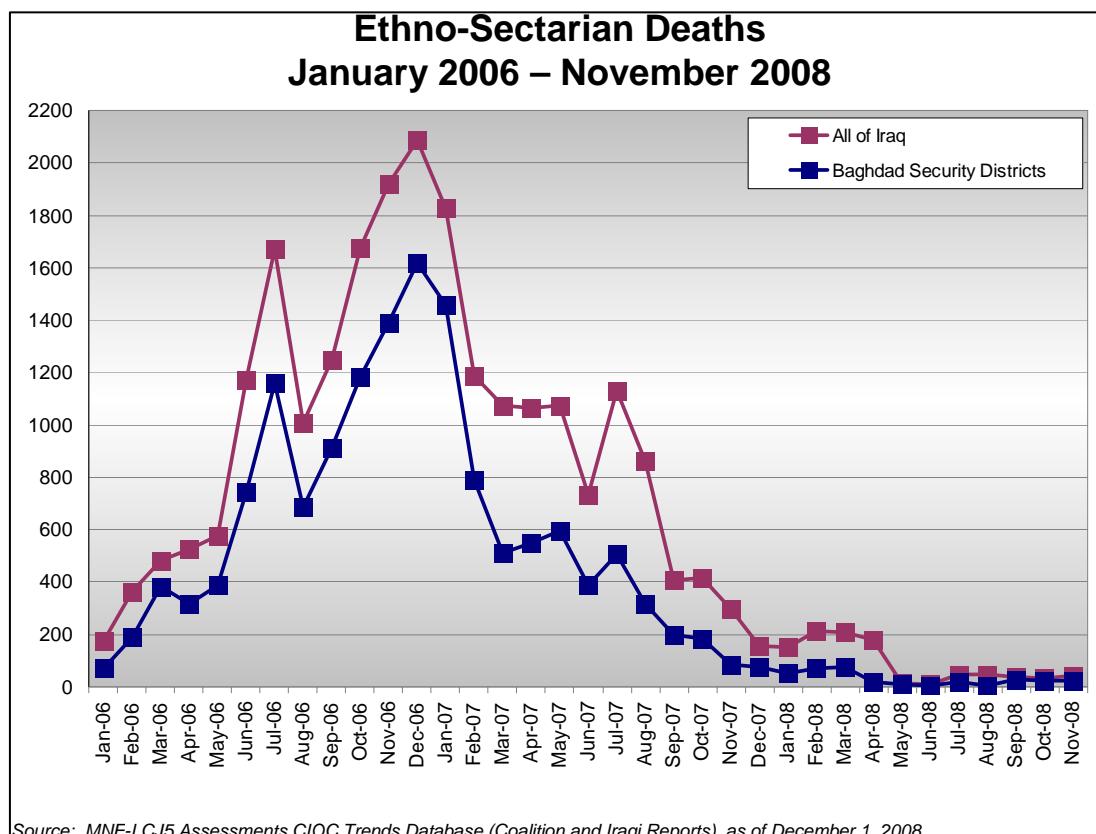
Security operations in Basrah, Baghdad, Mosul, Amarah, and Diyala have produced encouraging results that further degraded the capabilities of AQI and reduced the activities of militias. Iraqi and Coalition forces have succeeded in significantly extending their control into more areas of Iraq, and ongoing operations have severely degraded AQI activities, finances, and supply networks, leading to the capture of several high-value individuals. Although northern Iraq has achieved progress, AQI continues to conduct high-profile attacks targeting civilians and ISF.

Since the last reporting period, the average number of attacks executed daily has decreased or remained relatively constant in all provinces.

Of the 18 total provinces, Baghdad, Diyala, Ninewa, and Salah ad Din contain approximately half of Iraq's population and accounted for 80% of all attacks. Daily average attacks in Baghdad Province decreased 9%, and the daily average in the northern provinces—Ninewa, Diyala, Tamim, and Salah ad Din—decreased 22% largely due to ISF-led operations in both areas. In 12 of 18 provinces, executed attacks averaged less than one per day, with four provinces having no attacks during the reporting period.

Assessment of the Security Environment – Baghdad

During this reporting period, security-incident levels in Baghdad decreased to a level last seen in the beginning of 2004. Daily average attacks in Baghdad decreased 9%, with 73 ethno-sectarian deaths in the Baghdad Security Districts. This is a remarkable improvement. Executed attacks in the Baghdad Security Districts have decreased 72% from a year ago to the current reporting period. The following statistics compare significant events from a year ago to the current reporting period in the



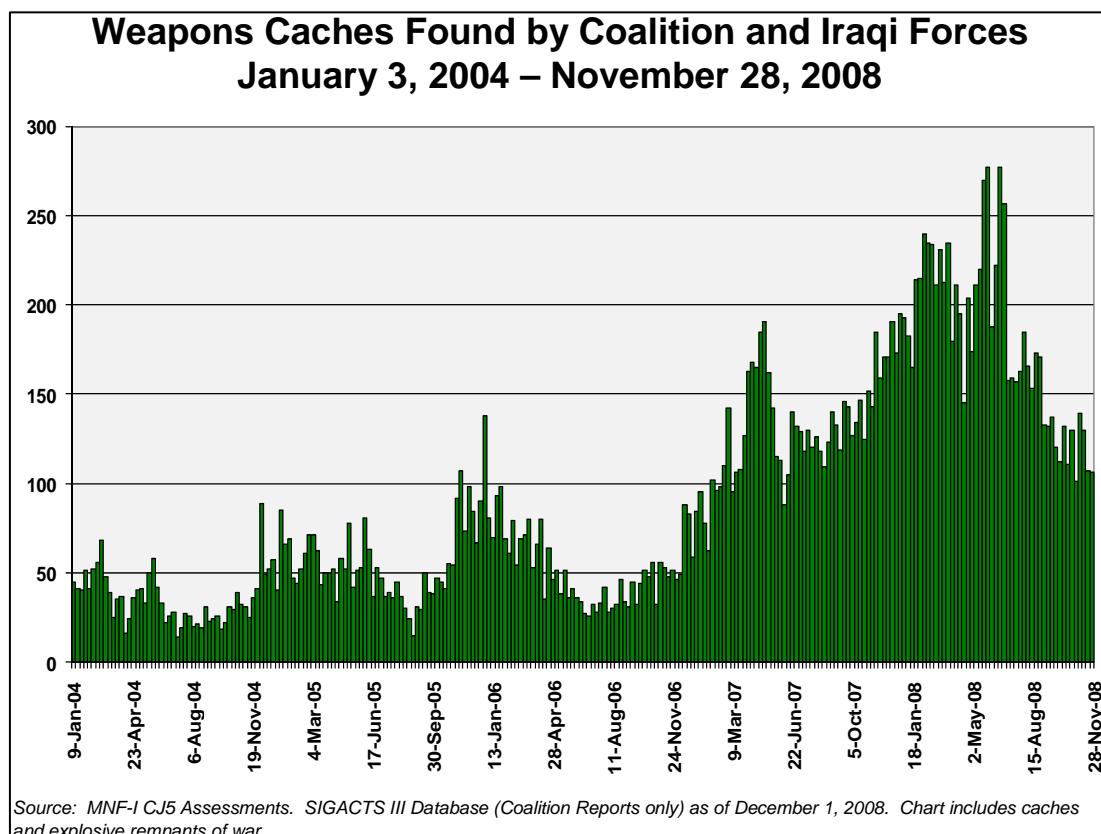
Baghdad Security Districts: murders have decreased 98%, and the number of improvised explosive device (IED) incidents decreased 44%. However, the number of civilian casualties resulting from these IED incidents increased 15%. HPA incidents decreased 71%, and resulting casualties decreased only slightly (9%). The data indicate that the overall level of violence has decreased, but hostile actors appear to be focusing attacks on the civilian population and are being more discriminate in how they conduct attacks.

Low-level Sunni insurgent activity persists in Baghdad; however, due to ISF, SoI, and Coalition force operations, Sunni insurgents have limited freedom of movement and reduced support from the local populace. This has minimized their ability to conduct operations. If the Sunnis perceive their election efforts are being hindered by the GoI in the run up to provincial elections, there is a possibility that Sunni insurgents will increase attacks. As Baghdad neighborhoods return to normalcy, there is also a possibility of an increase in low-level attacks in those neighborhoods with

mixed ethno-sectarian makeup. During this reporting period, AQI attempted to reconstitute its severely degraded cells around Baghdad, primarily in the northwest and southeast portions of the Baghdad Security Districts. Operations in Diyala have likely contributed to some of this increase of activity, as AQI members fled Iraqi and Coalition forces. Although AQI has been able to project limited IED attacks into Baghdad, robust security measures in the capital continue to be largely successful.

Assessment of the Security Environment – Western Iraq

During this reporting period, the average number of executed attacks in Anbar Province remained constant compared to the last reporting period, with an average of 1.5 incidents per day during the last reporting period. The combined efforts of ISF, SoI, and Coalition forces continue to hinder AQI's ability to obtain resources or operate effectively in population centers, forcing AQI to operate in and conduct attacks from remote locations in the province. As the situation has improved, the



Iraqi Army (IA) has handed over security responsibilities in most of Anbar's population centers to the Iraqi Police, allowing the IA to concentrate its efforts on driving AQI from hideouts in remote locations.

Despite setbacks, AQI continues efforts to regain footholds in the Euphrates River Valley, and the Syria-Iraq border region continues to appear critical to AQI's external support network. ISF operations in Ninewa Province may be forcing some AQI members to flee, and recent AQI activity in Anbar Province may be attributable to AQI coming from other areas of Iraq. AQI's recent HPAs in Fallujah, Karmah, and Ramadi remain focused on political and tribal leaders. AQI targeted these leaders due to upcoming elections. Despite these recent attacks, the security situation in Anbar remains fairly stable.

The *Mutammar Sahwat al-Iraq* (MSI)—formerly *Sahawa al-Iraq*—tribal movement has survived AQI attacks against its key leaders and continues to increase its influence. MSI

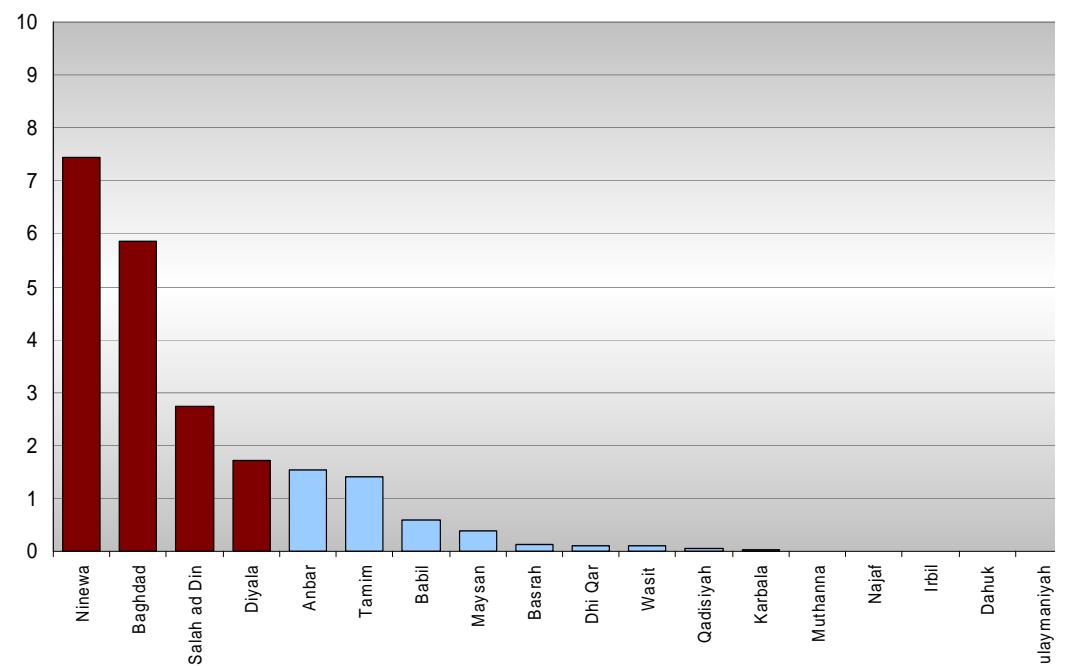
recently registered as a political party and intends to compete in the upcoming provincial and national elections. The movement continues to position itself as an alternative to existing provincial political leaders, deriving much of its credibility from its fight against AQI and the resulting security gains. For several months, MSI leaders have reached out to prominent Shi'a figures in other provinces to promote reconciliation and unity under the theme of "One Iraq."

The security situation in the West remains mostly stable. However, violence between the affiliated armed groups of Anbar's two main political parties, the Iraqi Islamic Party and the MSI, is possible during the period leading up to elections.

Assessment of the Security Environment – Northern Iraq/Central Iraq

AQI and Sunni insurgent groups such as Jaysh al-Islam and the Naqshabandi Army remain active in the North, particularly in Ninewa and Tamim Provinces, where possible KRG designs

Average Daily Executed Attacks by Province September 1, 2008 – November 30, 2008



Source: MNF-I CJ5 Assessments. SIGACTS III Database (Coalition Reports only) as of December 1, 2008. Data reflects executed enemy attacks targeted against Coalition, ISF, civilians, Iraqi infrastructure and government organizations. Does not include IEDs and mines found and cleared.

on certain Ninewa districts and on Kirkuk are a polarizing issue. Reduced AQI operational capabilities and pressure from ISF, SoI, and Coalition forces have led to limited tactical cooperation between AQI and some insurgent groups.

Due to recent degradation of AQI networks across Iraq, Ninewa Province is increasingly central to the group's continued viability. Specifically, Mosul continues to be a logistical, financial, and operational hub for AQI in the North and in other provinces. Operations MOTHER OF TWO SPRINGS and LIONS ROAR were temporarily effective, causing senior AQI leadership to flee to more rural, permissive environments. Consistent with past practice, AQI targets ethnic and religious minorities to highlight the Iraqi Government's inability to provide security for those groups and increase instability. Likely a result of upcoming elections and Article 140 determinations, AQI is currently focused on exacerbating tensions between Arabs and Kurds in the North, though it may target other minorities as opportunities arise. Despite AQI's loss of capability, absent Iraqi-led and sustained presence, the group could recover and remains capable of conducting high-profile, mass-casualty attacks. Terrorists and insurgents have increased the use of VBIEDS to exploit ethno-sectarian discord in potential flashpoint locations in western Ninewa. The continued use of this tactic, prior to elections, is an attempt to exploit ethno-sectarian tensions with the aim of further destabilizing the province. Expectations are for continued elevated activity levels throughout Mosul.

Recent ethno-sectarian violence against Christians in Mosul, which used to have a large Christian population, is concerning. There have been four deadly attacks against the minority Iraqi Christian community in Mosul. Iraqi Christians of all sects have been targeted. In the past few years, in order to forge a bond with some Sunni extremists and to regain local support in some communities, AQI has targeted the Kurds, Turkomen, and Yazidis in similar

campaigns. In response to attacks against Christians in Mosul, the ISF have increased patrols in Christian areas, stationed forces at churches during services, and conducted unannounced patrols.

Assessment of the Security Environment – Eastern Iraq (Diyala)

In recent months, operations in Diyala have had some effect against suicide bomber activity; however, AQI retains the capability to conduct suicide attacks and enjoys limited freedom of movement along the Hamrin Mountains. Utilizing the province's rural areas and uneducated population to its advantage, AQI relies upon the region's ethno-sectarian tensions for continued survival there. Recent reporting indicates Sunnis perceived ISF and Coalition operations as a pretext to arrest, intimidate, or even kill moderate Sunnis and SoI groups who are otherwise interested in participating in the political process. However, the GoI's engagement with Sunnis prior to and during operations has helped limit this perception, with the exception of one highly publicized raid by Iraqi Special Forces in which a prominent Sunni was detained. Despite these tensions, MNF-I assesses the ISF and SoI in Diyala are conducting operations in a relatively coordinated effort.

Overall, the ISF have made significant progress toward the GoI's objective of improving security in Diyala Province. JAM has not launched any significant operations in Diyala recently, though there remains a militia presence. While work remains to eliminate remaining pockets of the insurgent support, attacks in Diyala have decreased since the operation began.

Assessment of the Security Environment – Southern Iraq

A steady stream of reporting indicates that the population is supportive of the GoI's security initiatives. Violence is down, and the GoI is firmly in control. Life is returning to normal, children are attending school, and the shops and markets are thriving. Prime Minister Maliki allocated \$100 million for reconstruc-

tion and humanitarian aid in both Basrah and Maysan Provinces following the successful ISF operations, though delays continue in spending the funds on useful projects. These delays and the rising intra-Shi'a tensions between ISCI and Da'wa in the run up to the provincial elections create favorable conditions for an increase in violence.

Assessment of the Security Environment – Kurdistan Regional Government Area

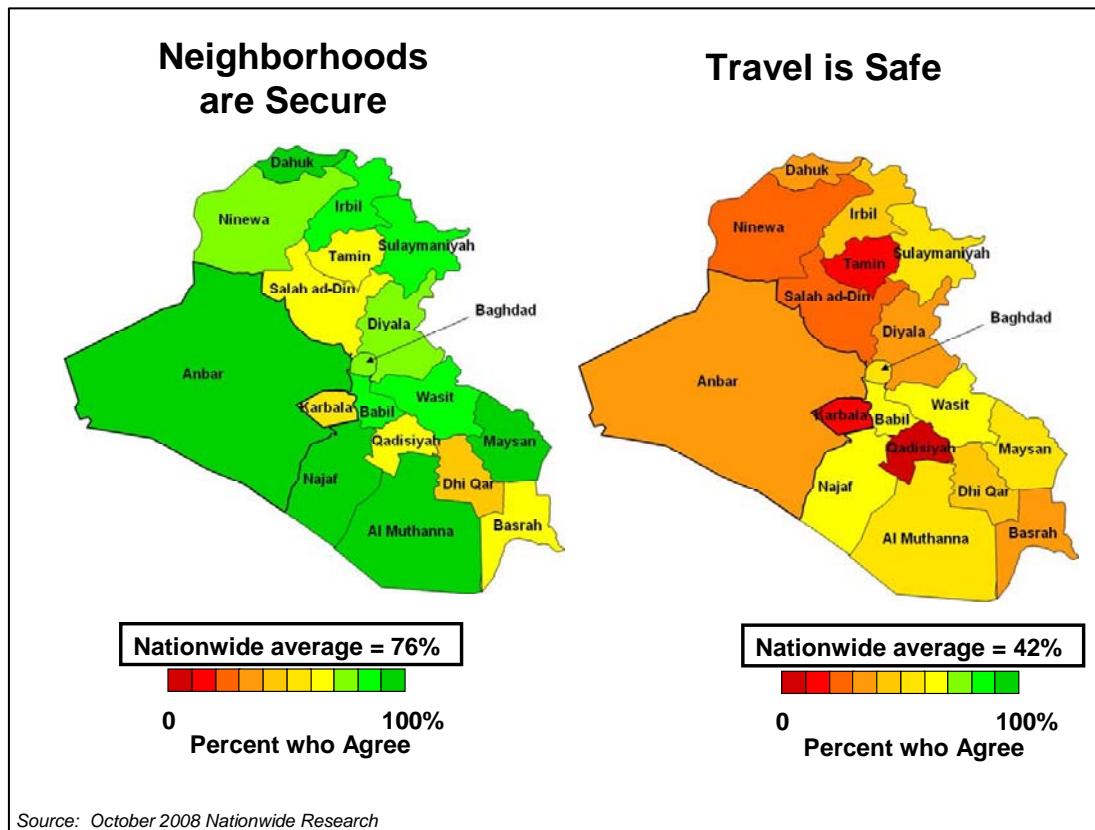
The KRG area remains the most stable and least violent in Iraq. This is mainly a result of the homogenous Kurdish population and the presence of the Kurdish Police and the regional security forces, or Peshmerga. The Peshmerga are well equipped and trained, and they remain dedicated to the security of the KRG region. Nevertheless, occasional attacks do occur in the region. Furthermore, the presence of Peshmerga forces in parts of some non-KRG provinces (e.g., Khanaqin in Diyala) has increased tensions between the GoI and the KRG and between Arabs and Kurds, hampering political cooperation. The situation in Khanaqin remains calm, with open lines of

communication between Kurdish and GoI security forces. The increase of security incidents in Jalula and As Sadiyah, however, are of concern. IEDs targeting ISF, Coalition forces, and political leaders have increased in areas that are largely patrolled by the Jalula Emergency Response Battalion.

Public Perceptions of Security¹³

Iraqis believe the security situation is better locally than nationally. Research conducted in October 2008 reveals that 76% of Iraqis described the security situation in their neighborhoods as calm, a 15-percentage-point increase from November 2007.¹⁴ When asked the same question about their province and Iraq as a whole, 57% said the situation was calm in their province, and 28% of Iraqis said the situation was calm nationwide.¹⁵ There has been a five-percentage-point increase in the perception of security at the national level during the same period.

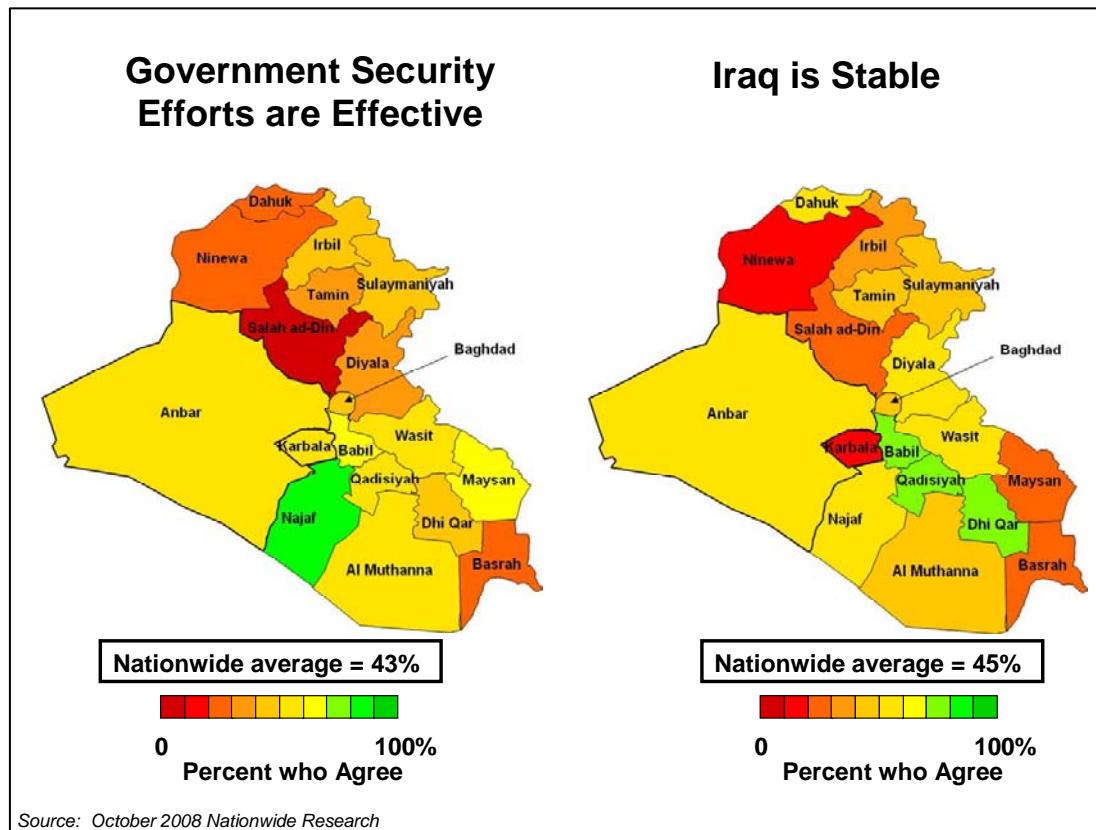
The majority of Iraqis (89%) feel that the security situation has remained constant or improved in their neighborhood over the last



six months.¹⁶ This is a seven-percentage-point increase when compared to November 2007. When asked about the security situation in the country as a whole, 83% felt it had stayed the same or gotten better.¹⁷ This is an increase of two percentage points since November 2007. October 2008 nationwide research indicates that 42% of Iraqis feel safe traveling outside of their neighborhoods.¹⁸ This is a three-percentage-point decrease compared to November 2007. Overall, feelings of safety and security at the local and national level have increased.

When asked about their perceptions of the Iraqi Security Forces, 65% of Iraqis said they feel secure when they see the Iraqi Army in their neighborhoods, and 61% said they feel secure when they see Iraqi Police in their neighborhoods.¹⁹ This is a 14-percentage-point increase in trust in the Iraqi Army, and an eight-percentage-point increase in trust of the Iraqi Police since November 2007. Nationwide perceptions of the Iraqi Army and the Iraqi Police are within four percentage points of each other, with the Iraqi Police making significant

improvements in recent months. When asked in October 2008 if they believed the GoI was effective or ineffective at maintaining security, 43% of Iraqis said the GoI was effective; this represents a five-percentage-point increase from the November 2007 data.²⁰ When asked to rate the level of peace and stability of the country, 45% of Iraqis said Iraq was stable, a 17-percentage-point increase since November 2007.²¹ Nationwide research in October 2008 indicates that 70% of Iraqis believe that the Iraqi Army is winning the battle against terrorists and that 61% of Iraqis believe the Iraqi Police is winning the battle against crime.²² This is an 18-percentage-point increase in perception for the Iraqi Army and a one-percentage-point increase in perception for the Iraqi Police since November 2007. When asked who they would go to first to report a serious crime, 40% of Iraqis said the Iraqi Police, while 31% stated the Iraqi Army.²³ When asked who was most responsible for providing security in their neighborhoods, Iraqis responded that the Iraqi Army (37%) and the Iraqi Police (36%) are most responsible for providing security in their neighborhoods.²⁴



Relatively few Iraqis said the Sons of Iraq (6%), people from their tribe (7%), neighbors (3%), militias (1%), religious leaders (3%), or Multi-National Forces (2%) were most responsible for providing security.²⁵

When asked in October 2008 if they had confidence in specific groups to protect them and their families from threats, Iraqis had the highest confidence in the Iraqi Army (85%).²⁶ For other groups, 81% of Iraqis had confidence in the Iraqi Police, 68% had confidence in their provincial government, 64% had confidence in their local government, and 66% had confidence in the national government.²⁷ Confidence in the Multi-National Forces, armed groups, and militias was much lower at 26%, 12%, and 12%, respectively.²⁸ In a continuation of trends from November 2007, Iraqis place their highest trust and confidence in the Iraqi Army, the Iraqi Police, and the GoI (from the local to the national level) to protect them and to provide security.

Conclusion

Security in Iraq continues on a positive trend with many key violence indicators at levels not

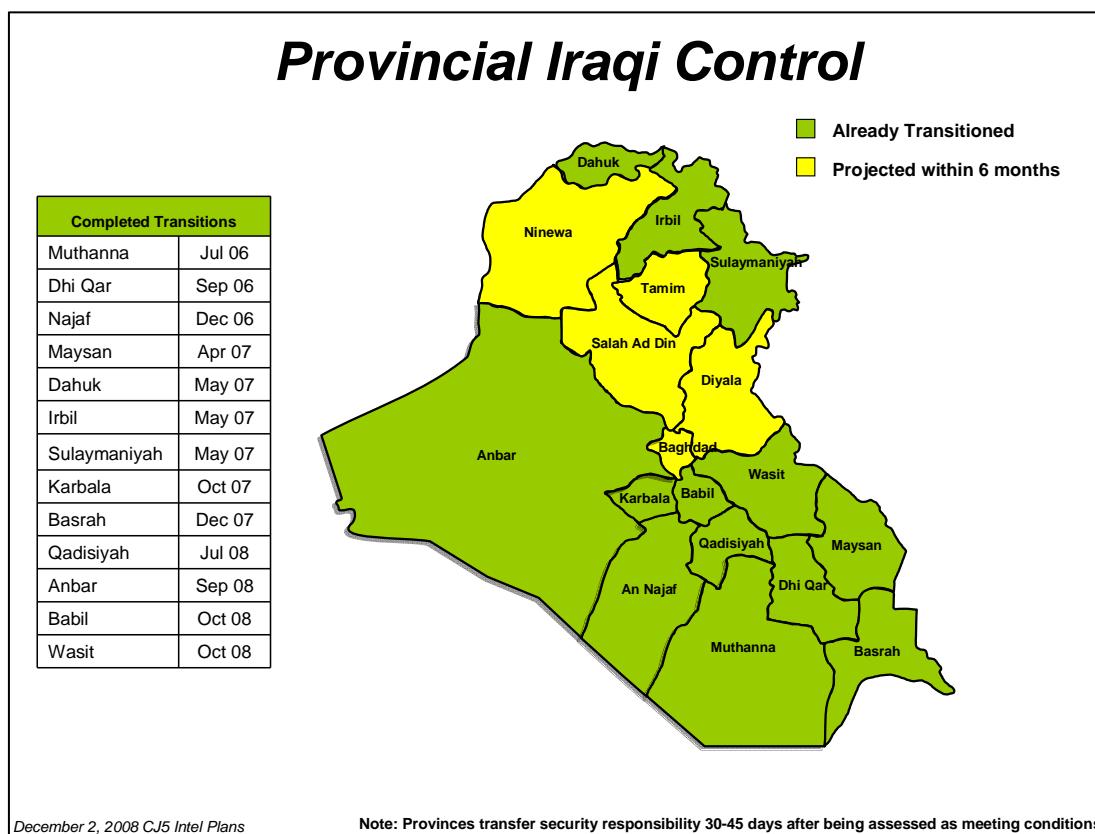
seen since 2004. In many parts of Iraq, a sense of normalcy is returning to everyday life that is resulting in citizens being more concerned about economic issues and essential services than violence. Increased security continues to provide a fertile environment for economic development. However, the situation is still fragile, and Iraq faces many challenges. While Iraqi and Coalition efforts against AQI have significantly degraded its networks and reduced its capability, AQI continues to seek to reestablish itself wherever conditions permit and retains the capability to conduct sensational attacks. Iraqi-led security operations have also played a significant role in reducing the areas controlled by JAM and SG and are now focused on AQI footholds in the Tigris River Valley around Mosul. To preserve recent security gains, the Iraqi Government will need to sustain a robust security presence and make progress on improving the delivery of essential services to its citizens, while fostering employment opportunities. Reconciliation efforts will remain central to the success of these efforts. In all of these efforts, the Coalition is fully engaged to support Iraq and welcomes the growing acceptance of Iraq as a sovereign state in the international community.

1.4 Transferring Security Responsibility

As of November 2008, 13 of Iraq's 18 provinces have successfully transitioned to Provincial Iraqi Control (PIC). Security responsibility for Babil Province was handed over to the GoI on October 23, 2008, and Wasit Province transitioned to PIC on October 29, 2008. Anbar Province transitioned to PIC in September 2008 and has remained stable. Anbar has seen a slight increase in attacks since the PIC ceremony but is still below the yearly average. Security incidents have declined generally across the board in the post-PIC provinces. The process of transitioning security responsibilities to the ISF is increasingly led by Iraqi officials. Negotiations for a new arrangement for assessing conditions, planning, and providing security capabilities in Iraq's provinces are ongoing. This is expected to be a joint Iraqi and Coalition effort, focusing on the remaining provinces of Salah ad Din, Tamim, Diyala, and Ninewa and culminating with the planned transition of Baghdad in June 2009.

Contingency Operating Base Turnover Status

The current Iraqi Theater of Operations basing footprint directly supports the Joint Campaign Plan's counterinsurgency (COIN) efforts. Bases consist of Contingency Operation Bases (COB),²⁹ Contingency Operation Sites (COS),³⁰ and Contingency Operation Locations (COL).³¹ Coalition forces continue to co-locate with the ISF on existing bases, as the Coalition mission transitions from leading to partnering to over-watch. The Coalition carefully adjusts its basing footprint in accordance with changing conditions so that security gains are retained and enhanced. This conditions-based strategy ensures that sufficient numbers and types of installations remain open to allow commanders the flexibility required to execute successful COIN operations. As conditions allow, the Coalition seeks opportunities to return or close bases, or parts of bases, as appropriate. To retain flexibility as an overwatch partner in the COIN fight, some Coalition forces will remain as tenants in bases returned to the GoI. As of November 9, 2008, MNF-I had a total of 54 tracked bases (COBs and COSs) and approximately 232 COLs. Since August 2008, MNF-I



has returned COSSs Al Qaim and Dragon to the GoI. COS Prosperity and COS Freedom Rest were subsumed into the International Zone COB. COLs Hunter and Garry Owen have been elevated to COSSs. Additionally, the Coalition is scheduled to return part of COS

Bernstein in December 2008, COSSs Dolby, Meade, and Grizzly in January 2009, and COS Fallujah in February 2009. The remaining bases will be returned on a conditions-based system.

Section 2—Iraqi Security Forces Training and Performance

Iraq's Security Forces currently number over 600,000 personnel in the Ministry of Interior (MoI), Ministry of Defense (MoD), and the Iraqi National Counter-Terrorism Force (INCTF). The MoI predicts growth to a total force of over 400,000 personnel in the Iraqi Police Service (IPS), National Police (NP), and Directorate of Border Enforcement (DBE) by the end of 2008.³² The MoD has approved the counterinsurgency (COIN) force, which will include 14 Army divisions (13 infantry and one mechanized) and support forces; a Navy of 2,700 personnel, including two marine battalions; and an Air Force of 6,000 personnel. Additionally, the INCTF is contributing significantly to the COIN effort and its end strength is 5,400 personnel. Further growth in the military force structure appears likely, given the need to develop enabling capabilities for tactical units in the areas of engineering, medevac, signal, and intelligence, surveillance, and reconnaissance (ISR). Total Iraqi Security Forces (ISF) requirements are expected to grow between 609,000 and 646,000 by 2010.³³ Recruiting and accession of personnel are currently on track to meet force structure goals, though challenges remain. The MoI struggles with training throughput due to a limited number of facilities, while the MoD faces a hiring freeze caused by budget constraints and end-strength authorizations. These factors may limit the ISF achieving the desired 2008 force structure.

The GoI continues to assume broader ownership of and increasing fiscal commitment for its security forces and MoD and MoI programs. Current-year 2008 budget execution, however, remains a concern. While the MoI has demonstrated an improved ability to obligate its budget, the MoD continues to struggle, particularly in the areas of support, sustainment, and infrastructure. Inter-ministerial budget coordination with the Ministry of Finance (MoF) is improving but remains problematic due to cumbersome procedures and IMF constraints.

Iraqi Security Forces MoD, MoI and CTB Data As Of October 31, 2008 ^a			
Component	Authorized ^b	Assigned ^c	Trained ^d
Ministry of Interior (MoI) Forces^e			
Police ^f	334,739	300,156	209,100
National Police	46,580	41,044	52,513
Border Enforcement ^g	45,550	40,328	36,673
Total MoI	426,869	381,528	298,286
Ministry of Defense (MoD) Forces^h			
Army	174,280	196,236	235,606
Training and Support Forces ⁱ	15,583	23,452	22,930
Air Force	3,690	2,006	2,843
Navy	3,596	1,898	1,494
Total MoD	197,149	223,592	262,873
Counter Terrorism Force			
ISOF Brigade ^j	4,733	4,160	4,564
Total	628,751	609,280	565,723

^a Numbers do not include ministry staffs.
^b Numbers reflect GoI authorizations.
^c Numbers reflect GoI payroll data and do not reflect present-for-duty totals.
^d Numbers reflect total Iraqi forces personnel trained to date, some of whom are no longer assigned due to casualties, absent without leave, normal separations, etc.
^e MoI strength excludes other services within MoI, including the MoI HQ, Forensics, Facility Protection Service, and contracted guards. See endnote 32.
^f The Iraqi Police Service consists of all provincial police forces (station, patrol and traffic, and special units) assigned to all 18 Iraqi provinces.
^g Data associated with Ports of Entry Directorate have been pulled out of the Directorate of Border Enforcement. Expect authorized and assigned strengths to fluctuate as the new PoE organization takes shape.
^h MoD authorized strength is derived from Modified Tables of Organization and Equipment (MTOE).
ⁱ The MoD Army Training and Support Forces include logistics units and training center cadre.
^j Does not include personnel assigned to Counter-Terrorism Bureau or Counter-Terrorism Command headquarters.

The steady state organizations for both the MoI and MoD beyond the year 2012 are facing significant funding challenges based on current budget projections.

Accelerating the growth of logistical units and pursuing enabling capabilities remains a top priority, as does the effort to expand ministerial

capacity within the MoD and MoI. Multi-National Security Transition Command-Iraq (MNSTC-I) advisory teams continue to work closely with both security ministries to improve the accuracy and frequency of their personnel reporting systems. The number of MoI personnel assigned continues to exceed personnel trained, as rapid hiring outstrips training center capacity and throughput. Also, as additional missions are transferred to the MoI (e.g. Oil Police, Electricity Police, and Facilities Protection Service), personnel are transferred with limited training and inadequate equipment. Efforts to expand MoI training throughput (e.g., training instructors, building infrastructure, etc.) will help remedy this shortfall.

2.1 Assessed Capabilities of the Iraqi Forces

The Coalition's four areas of focus to develop the MoD, the MoI, and their forces remain unchanged from previous reports: support the force generation and force replenishment of MoD and MoI forces; improve the proficiency and professionalism of the Iraqi forces; build specific logistic, sustainment, and training capacities; and develop ministerial and institutional capacity. The four near-term areas of emphasis through mid-2009 also remain unchanged: ensure Iraqi forces continue to improve in logistics, maintenance, and life support; ensure the size, capability, professionalism, and leadership of the ISF enable increasing assumption of additional security roles from Coalition forces; enhance the capabilities of Iraqi Special Operations and Counter-Terrorism Forces; and ensure Iraqi Air Force (IqAF) and Iraqi Navy (IqN) growth stay on-track.

During recent and ongoing operations in Basrah, Sadr City, Mosul, Amarah, and Diyala, the ISF have demonstrated an improving capability to move units, conduct planning, and exercise command and control while conducting simultaneous operations in various parts of the country. The ISF continues to rely on Coalition enablers, such as intelligence, signal, engineer, explosive ordnance, and close air

support. The quality of operational planning has shown some improvement, as ISF staffs are increasingly able to plan and conduct combined and basic joint operations, information operations, civil-military operations, and some post-conflict reconstruction activity.

Tactical operations proficiency is also improving. In Sadr City, ISF units are demonstrating an ability to effectively use COIN tactics and conduct active patrolling and clearance operations and high-value intelligence searches. They are also increasingly conducting after-action reviews (AARs) and incorporating lessons learned as part of future training and operations. Iraqi Special Operations Forces (ISOF) and special police units have also performed effectively to disrupt AQI and foreign fighters. ISOF planning continues to improve; however, there remains a critical reliance on Coalition rotary wing assets and other enablers such as intelligence and close air and logistics support during operations.

Ministerial Capacity

Both the MoI and MoD continue to show progress in developing ministerial capacity, albeit slowly and unevenly. Recruiting and retention of personnel is progressing to meet 2008 force structure goals. However, the MoI struggles with training throughput, and the MoD hiring freeze may delay achieving its desired 2008 end strength for the Iraqi Army (IA). To expand institutional capacity, Coalition mentorship and partnership will be necessary for several years to overcome decades of isolation and stagnation in law enforcement and military education and training. A lack of capacity to train civilian management, inadequate training staff, deteriorating facilities, and an inability to fill positions with trained personnel are challenges that also hinder the ministries. Currently, many of the Iraqi civilians working in positions inside the MoD and MoI are not qualified and are reluctant to pursue offered training.

Of the two ministries, the MoI has proven more effective in budget execution and has received

a significant supplemental increase to its base budget for 2008. The MoD has been less capable of executing its budget in a timely and effective manner. The most significant difference between the two ministries is that the MoI effectively delegates decision-making authorities (e.g. hiring and budget execution). In contrast, all management decisions within the MoD—hiring civilians, approving all but very minor facility maintenance, and all contracting requirements—must be approved by the Minister of Defense, and in some cases, the Prime Minister. Until this improves, the MoD's acquisition, force management and logistics processes will continue to be hampered. Despite these challenges, however, both ministries will most likely achieve near 100% budget execution for 2008 because of late dollar transfers to the foreign military sales (FMS) account—without these late transfers, the MoD budget execution projection would only be approximately 55% for 2008.

Operationally, both MoI and MoD forces are proving increasingly capable. In most areas, coordination between the two ministries and their subordinate organizations is improving through the implementation of operations centers in each of the provinces. These centers allow MoI and MoD forces to jointly coordinate operations and share information, which has resulted in the apprehension of suspects and the discovery of weapons caches. ISF are also gaining more support from the local population. They continue to cultivate relationships and develop an environment of trust within their communities by performing humanitarian support and engaging in information operations to solicit local help to combat insurgents.

Iraqi Forces Proficiency

Iraqi Army combat battalions have increased in both number and capability. As of October 31, 2008, 165 IA combat battalions were conducting operations, including five newly-formed battalions. Another nine IA combat battalions are in force generation and are expected to be operational by December 31, 2008. Five ISOF battalions are conducting operations, of which

four are rated as capable of conducting operations with minimal Coalition support, and one is rated as capable of conducting operations with Coalition forces. Five IA infrastructure battalions are conducting security operations—two of these units are rated as requiring only minimal Coalition support while three are rated as requiring Coalition support. The IqAF continues to expand its operational capability as the Iraqi Air Operations Center (IAOC) now provides scheduling, command and control, and execution for over 300 operational and training sorties per week. The IqN continues to strengthen its ability to patrol Iraqi territorial waters, provide for point-defense of Iraq's two off-shore oil platforms, and provide security for the port and towns of Umm Qasr and Az Zubayr. The IqN now conducts an average of 42 independent patrols and 35 commercial ship boardings per week and maintains an in-commission capability rate of 80% of the Iraqi fleet.

The NP continues to improve its proficiency and professionalization. As of October 20, 2008, 18 of the 33 formed NP battalions are capable of planning, executing, and sustaining operations with limited Coalition support, and 15 NP battalions are rated as requiring Coalition forces for operations. Only one battalion was rated at the lowest level of readiness, while another 13 battalions are being formed. The MoI's long-term goal is to have a NP Brigade in each province.

ISF Intelligence Developments

The Coalition continues to support GoI development of the Iraqi Intelligence Community (IqIC), created to support senior policy makers and ISF strategic, regional, and tactical defense and security elements conducting operations. ISF intelligence organizations include the Directorate General for Intelligence and Security and the Joint Headquarters (JHQ) Directorate for Intelligence, both in the MoD, and the National Information and Investigation Agency in the MoI. These have shown substantial progress in conducting independent and credible intelligence operations, focusing

on providing support to an evidence-based rule of law judicial process. The Coalition is working with ISF intelligence partners to address these and other specific shortfalls. Several significant challenges remain for the ISF intelligence organizations, including the absence of an Iraqi Intelligence Law delineating roles and responsibilities to preclude duplication of effort and foster collaboration with clear command and control mechanisms, limited security policies or standardized security and clearance protocols to increase sharing of information among other IqIC members and the Coalition, and the need to operationalize intelligence gathered by entering it into common databases and making it readily available to support operations.

Training Capacities

The MoD's Ministerial Training and Development Center - Academy (MTDC-A) continues to provide valuable education and training to Iraqi security officials. Initially funded with Iraqi Security Forces Funds (ISFF) dollars and operational since October 2007, the MTDC-A is an education Center of Excellence and has active ties with similar regional and international institutions. To date, the Academy has conducted 130 classes, trained over 2,500 GoI officials, developed 54 programs of instruction, and transitioned teaching responsibility for 20 courses to Iraqi instructors. The center also trains Iraqi Joint Forces (IJF) personnel and MoD civilians, as well as officials from the Ministries of Interior, Finance, and National Security, as well as the Counter-Terrorism Command and the Prime Minister's National Operations Center.

The MTDC-A offers courses in 11 different departments: Policy and Requirements, Intelligence and Security, Finance and Budgeting, Contracting, Inspector General and Human Rights, General Counsel, English Language, Infrastructure, Information Technology, Personnel and Management, and Media and Communications. The Director General for Personnel is establishing a merits-based promotion system linked to successful

completion of critical courses provided by the MTDC-A.

Logistics and Sustainment Capacities

Logistical and sustainment capability remains a major area of concern and is essential for consistent ISF self-sufficiency. Security forces have become more competent and self-sufficient over time; however, Coalition assistance during Basrah operations highlighted ISF limitations in planning and conducting expeditionary life support. Since that time, the ISF has made appropriate organizational adjustments, as evidenced during operations in Sadr City, Mosul, Amarah, and Diyala. While this is an encouraging development at the tactical level, much effort must yet be directed to the sustainment and logistical support capability within the ISF at the operational and strategic levels.

The MoD is developing a national supply and distribution network with one Location Command (previously known as a Base Support Unit) in direct support of each IA division. The MoD will co-locate regional life-support assets at these sites to enhance warehousing and distribution capacity. Eight of these Location Commands are either complete or are being refurbished. The remaining five bases are under construction or pending contract and will have an initial operational capability by mid-2009.

The MoI began fielding a sustainment brigade for its NP organization in October 2008 with the purchase of property and contracting for construction of facilities. The NP Sustainment Brigade will be a mobile organization providing support to the three NP divisions and separate brigades during operations. The Taji National Depot Complex remains the centerpiece for national supply and maintenance services to the ISF. The complex will maintain line stock across all classes of supply for issue to the 13 Location Commands. The generator repair workshop is scheduled to open by the end of 2008. Other organizations at the Taji Depot (e.g., engine and transmission repair

workshops, repair parts warehouses, wheeled and tracked vehicle maintenance facilities, etc.) will begin operations as construction is completed, currently envisioned to be by the end of 2009.

Accelerated fielding of the final two of 12 Motor Transport Regiments (MTR) will reduce, though not eliminate, Iraqi dependency on Coalition support to move supplies to Location Commands and police warehouses. German-donated transport trucks and the recent purchase of medium and heavy cargo vehicles have accelerated generation of a theater-capable General Transportation Regiment (GTR), which began transport missions in November 2008.

Acquisition Capabilities

The MoI is increasing its equipment distribution, procurement capability, and independent service contracting. Additionally, it has executed significant purchases of materiel and services using the FMS process. Some of these include multimillion-dollar repair parts contracts for commercial and armored vehicles and procurement of communications and heavy equipment and river patrol boats. The GoI continues to pursue the acquisition of 8,500 refurbished high mobility multi-purpose wheeled vehicles (HMMWV), over 2,500 of which have already been transferred to the GoI. Plans are underway to expedite and expand the remaining refurbishment program of HMMWVs, with two additional facilities approved at Al Ghizlani and Shaiba to accelerate the program. The GoI and Coalition will proceed in a cost sharing arrangement to complete the refurbishment, further enhancing ISF capabilities.

Foreign Military Sales

As of November 2008, the FMS program had delivered, or was in the process of delivering, to the GoI approximately \$4.5 billion worth of equipment or services paid for by Iraqi funds. This delivery included over \$4 billion to the MoD, \$396 million to the MoI, and \$129 million to the Ministry of Justice (MoJ). Since

the advent of the FMS Task Force, the average time required to process FMS cases has improved significantly. The time for delivery has been reduced; however, much work is required to improve the status of in-transit visibility and delivery dates, which have been hampered by improperly booking FMS material and improperly documenting FMS case information and transportation control numbers. U.S. Security Assistance organizations are working to provide the GoI an accurate picture of in-transit visibility of the equipment they purchase. Overall responsiveness has improved, with weekly teleconferences and daily coordination resulting in a common operational picture. Transportation and delivery of equipment has improved through better coordination and use of the Defense Transportation System.

The Iraqi ministerial requirements development process, ministerial execution of contracting, and FMS processes have yet to reach the level of efficiency required to fully support force generation timelines. The processing of FMS Letters of Request and Letters of Offer and Acceptance (LOA) within the MoD is cumbersome. On September 7, 2008, the Minister of Defense signed the first force modernization LOAs for M1A1 tanks, armored reconnaissance helicopters, and C130 J personnel and cargo aircraft, estimated to be worth over \$1.6 billion. The MoD force generation plan for 2009 currently exceeds its projected spending authorizations for 2009, requiring reconciliation of this issue with the MoF.

2.2 Ministry of Interior

Ministerial Planning Capacity

In February 2008, the MoI published the 2008 Strategic Plan, followed in June 2008 by an internal assessment of progress against identified tasks. This assessment process has continued through a series of quarterly reviews, the most recent conducted on October 14, 2008. The MoI is developing its 2009 Strategic Plan to better coordinate directorate-level tasks with the minister's vision and strategic goals. However, the planning cycle remains behind

the budget cycle and is not yet directly linked to resource allocation and program management. This has created a plan that is not properly resourced. Despite this shortcoming, the MoI's effort is a substantial improvement over past practices.

During this reporting period, the MoI's Public Affairs Office demonstrated increased capability to communicate its message enforcing the rule of law through a variety of methods—embedding media teams on operations, generating press releases on its MoI website, and distributing strategic themes and messages via electronic means. The distribution of the MoI newspaper doubled from 5,000 to 10,000 copies in September 2008, while other MoI messages were placed on billboards along major roadways. In addition, a group of 675 college graduates recently graduated basic police training with the rank of Commissioner and are now embedded in police stations around Baghdad with the task of improving community relations with the Iraqi Police (IP). If successful, the program will expand to other provinces.

Budget Planning and Execution (Finance and Contracting)

The MoI received \$3.9 billion for its 2008 budget with approximately \$3.1 billion, or 80%, of this amount allocated for salaries and \$148.3 million, or 4%, earmarked for capital expenditures. MoI budget execution struggles are due to a late budget allocation process (the MoF released the budget to the MoI in late April 2008), slow design and contracting procedures, slow starts on construction projects, and a lack of progress on invoice and payment procedures at the provincial and national unit levels. Increased emphasis from the Assistant Deputy Minister of Finance has resulted in improved timeliness of monthly financial reporting. According to MoF data, the MoI has executed approximately 56% of its 2008 budget through August 2008. The MoI's share of the 2008 supplemental budget totals \$1.68 billion; however, late allocation of this

funding also may hamper the ability to obligate and execute these funds by year's end.

Acquisition

The MoI plans to spend 85% of its capital budget (\$148.3 million) by December 31, 2008. To accomplish this, however, MoI officials must overcome difficulties in land acquisition and delays in moving projects through planning, design, and contracting phases prior to start of construction. The current year-to-date expenditure rate for capital investment is 6% (\$8.4 million). During this reporting period, several construction programs have reported expenditures, including 18 IP checkpoints in Baghdad, the Kirkuk Police Station, and border annexes throughout Iraq for border police. The MoI's infrastructure plan for 2009 includes a \$250 million capital investment plan for Ministry of Planning projects and a separate DBE supplemental budget request of \$437.4 million. The DBE is well positioned to execute contracts using supplemental funding and plans to use the FMS process for the majority of these projects.

Personnel

There are 321,528 personnel assigned to MoI forces as of October 31, 2008. In September 2008, the MoI announced a future authorization of 476,562 personnel, to include the IPS, NP, Border and Port forces, Facilities Protection Services (FPS), and ministry staff.

Operations

Command Centers

The MoI's National Command Center (NCC) is improving coordination with other national-level command centers, other ministries, and Provincial Joint Coordination Centers (PJCC). The present command and control reporting system at the Provincial Directors of Police (PDoP) level begins at the PJCC and flows through the NCC and on to the Prime Minister's National Operations Center (PMNOC), the MoD Joint Operations Center (JOC), and the Baghdad Operations Command (BOC).

The majority of NP forces remain based in Baghdad, where they support the BOC. However, NP forces have conducted 17 operational deployments outside of Baghdad, most recently in Diyala and Mosul. NP performance is acceptable and it is becoming a respected and valued force in the MoI.

MoI capacity to plan, coordinate, conduct, and sustain operations continues to improve. Operational shortcomings in Basrah, Mosul, and Amarah were identified through AARs, and lessons learned were used in preparation for subsequent operations in Diyala. Though better than previous operations, planning efforts remain highly centralized and not thoroughly integrated with MoD plans; the MoD continues to be the dominant force in security operations and largely dictates how MoI forces are employed. However, joint planning capabilities continue to improve between the MoD, MoI, and other GoI entities and will produce positive dividends in upcoming operations.

Logistics

The MoI is revising the National Vehicle Maintenance Plan, which provides policy guidance and will assist in maintaining vehicle readiness to sustain police operations across Iraq. The MoI is executing a \$48 million FMS case to create a computer-based supply chain management system. The first step to this plan is a \$160,000 FMS vehicle maintenance training case to provide maintenance training on both tactical and non-tactical vehicles assigned to the MoI.

The development of the NP Sustainment Brigade is scheduled for completion by September 2009. This brigade will be capable of accomplishing a wide range of missions, including line haul transportation, deployable maintenance, supply receipt, storage and issue for NP divisions, combat health treatment, and mobile fuel storage and distribution. The brigade currently consists of a headquarters and medical, transportation, maintenance, and logistics companies.

Training

As the MoI continues to make progress in force generation, it is striving to meet training capacity requirements and eliminate the backlog of *Shurta* (non-commissioned entry-level police men and women) who still need to complete the Basic Recruit Training (BRT) course. The MoI Training Qualification Institute (TQI) has launched several initiatives to improve professionalization and quality of training and address specific skill sets needed by its operational forces.

Deteriorating security conditions previously necessitated rapid MoI growth. Rapid expansion was accomplished through execution of a truncated 80-hour training course that provided police officers with basic operational skills. However, this course falls well short of the full 240-hour training requirement to be a certified police officer. To address the backlog of 88,000 *Shurta*, the MoI authorized training centers to shorten the eight-week BRT course to a four-week (240-hour) course by extending the length of the training day and eliminating unnecessary tasks, such as marching and drill and ceremonies. While this should reduce the training backlog by mid 2009, much more remains to be accomplished, as increases in end strength exacerbate the police training backlog challenges.

The MoI training base is currently capable of training 67,170 *Shurta* per year. In addition, 5,600 resident and 9,720 non-resident officers can be trained annually, with a total student capacity of 24,810 at any given time. In 2008, 2,195 officers and commissioners attended professional and leadership development courses at TQI's Baghdad Police College (BPC). TQI courses have graduated police in human rights instruction (870), instructor certification (308), basic criminal investigation (131), advanced criminal investigation (253), leadership development (588), and internal affairs (45). Since the previous report, the MoI has added additional training facilities, with 17 of 19 training facilities now under its full control. The jointly-funded MoI training-base

expansion plan includes building 12 new, as well as expanding six existing training centers. In the meantime, the Coalition and the MoI have partnered to develop temporary training facility options to reduce the training backlog.

The Iraqi BPC instructor cadre train all basic officer and commissioner tasks, provide a basic *Shurta* curriculum for all MoI forces, and continue to take on an increasing proportion of the specialized and advanced course loads. MNSTC-I advisors and International Police Advisors (IPA) continue to assist by providing advice, overwatch, and quality control in each of these courses. Coalition advisors assist the MoI TQI in a continuous review of BRT and officer curricula to ensure the courses meet the needs of the field.

Ongoing professionalization of the basic police forces is crucial to develop and maintain a credible police force. Coalition IPAs are collaborating with police trainers from the UK and Denmark to develop leadership training modules. The IPAs work closely with Iraqi curriculum development committees chaired by members of the BPC faculty. A training program for basic officer leadership is nearly complete, with the pilot class scheduled to start in late 2008 and full program fielding in early 2009. In addition, a mid-level officer leadership course and commissioner basic and advanced leadership courses are under development with fielding anticipated in mid 2009. The MoI is also pursuing partnerships with established international police academies for the development of an executive leadership course in 2009. Furthermore, the BPC is coordinating with the MoI's Directorate of Human Resources to assess options for embedding leader-training requirements in personnel policy and recording completed training in personnel files.

The Ethics and Human Rights Center at the BPC already offers six different programs. All curricula integrate lessons on values-based policing, human rights, detainee operations, and principles of community policing. The

newly-passed ISF Penal Code standard of conduct for police officers is integrated throughout MoI policing courses. Thus far in 2008, the Ethics Center has trained 1,580 officers, commissioners, and *Shurta*.

The Minister of Interior is personally taking an active role in supervising training and recently directed that more training be focused on ethics and human rights, leadership, management and administration, as well as core policing skills such as community policing and responsiveness to local citizen concerns. Training in the areas of investigative and forensic skills, intelligence, and English language proficiency, as well as specific investigative training to counter corruption, organized crime, and drug trafficking is a priority. The MoI is seeking to expand training and education opportunities abroad for IPS officers to expose them to best practices and techniques in other countries.

Iraqi Police Services

The IPS consists of all provincial police forces (station, patrol, traffic, and special units) assigned to the 18 Iraqi provinces. The IPS mission to enforce the rule of law, safeguard the public, and provide local security remains unchanged. While initial performance in Basrah was poor in March-April 2008, the IPS has improved with each subsequent operation, and is now becoming a professional force that can, with limited Coalition support, operate and maintain the rule of law throughout Iraq. The disparate elements that make up the IPS are starting to provide cross-department support to each other, further enhancing their ability to operate.

The PDoPs oversee operations and sustainment of over 1,300 police stations across Iraq. The IPS directs policy and strategic planning and has technical control over the training, vetting, and hiring of *Shurta* and officers. Other significant departments and directorates within the IPS are the Criminal Evidence Directorate, Special Weapons and Tactics/Emergency Response Unit, and the General Directorate of Crime Affairs.

The MoI's ability to focus on force generation and address basic equipping shortfalls remains an area of concern. An ongoing delivery of over \$200 million worth of ISFF purchases this reporting period will improve equipment shortages. Three separate police vehicle FMS cases are 98% complete, resulting in receipt of over 2,600 vehicles. MoI leadership is actively addressing shortcomings (e.g. personnel, equipment, and budget) by holding PDoP conferences quarterly. These conferences provide a forum for the PDoPs to address issues with the executive leadership of the MoI and the Coalition.

National Police

The NP is meeting its goal of providing a national-level rapid response police capability to counter large-scale civil disobedience and insurgency activities. NP performance continues to enhance its competence and reputation, as reflected in the recent successful COIN operations throughout Iraq. The NP is presently comprised of three divisions, separate mechanized and sustainment brigades, and other ancillary units. While primarily located in the Baghdad area, the NP is also beginning to station units outside of the city. Over time, the NP will establish permanent bases in all provinces in Iraq, except in the KRG provinces. The NP plans to establish additional brigades in Ninewa and Diyala Provinces and will complete the full establishment of the brigade in Basrah in 2009.

The NP continue to conduct specialized training for police recruits who have completed basic recruit training at Al Kut, Najaf, Basrah, or Sulaymaniyah training academies. Top graduates from these courses are selected to form the NP cadre of the future. Anticipating a shortfall in trained mechanics to service the HMMWVs it will receive this quarter, the NP is providing specialized training for its mechanics at the Iraqi Army Support and Service Institute (IASSI).

NP officer strength is at 48% (1,604 of 3,375). In the critical ranks of first lieutenant, captain,

and major, authorizations are filled at less than 25% of end strength. However, there are 500 second lieutenants that are not counted in authorizations that will soon join the first lieutenant ranks. This officer imbalance and shortage is a topic of key leader engagements with the MoI. Through both recruiting and assignments processes, the NP is continuing its efforts to achieve an ethno-sectarian balance within the force that best reflects the Iraqi population.

Despite progress, the NP continues to suffer from infrastructure problems, including a lack of adequate housing, unit headquarters, maintenance facilities, motor pools, and warehouse storage. Over the last reporting period, the NP has sent officer teams to 17 provinces to identify land for NP bases and facilities. The Coalition has assisted the NP in the development of its 2008-2012 facilities upgrade and construction plan which will allow the NP to address shortfalls as funds are made available. The Coalition and the NATO Training Mission – Iraq (NTM-I) continue to support phase three of the MoI's four-phase NP transformation program; its purpose is to increase the professionalism of NP forces. The fifth class of Italian *Carabinieri*-led NTM-I training concluded in August 2008 with 424 graduates, and a sixth class with 600 students began training in October 2008. NTM-I has agreed to continue *Carabinieri* training through the fall of 2009. The *Carabinieri* Train-the-Trainer program selects the top Iraqi graduates from each class to continue as assistant instructors and receive additional training from the *Carabinieri* staff. These "certified" instructors form the core of the NP Cadre that will continue this professionalization training once the *Carabinieri* depart.

Directorate of Border Enforcement and Ports of Entry Directorate

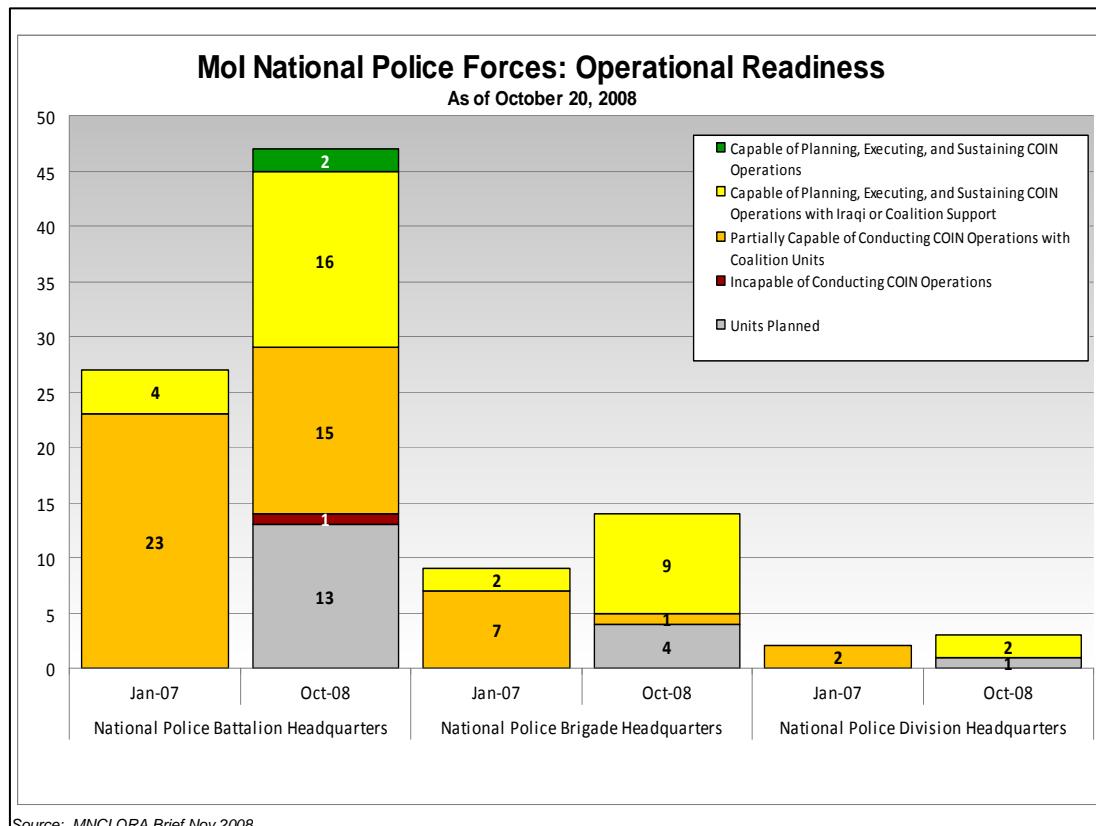
The DBE and Ports of Entry (PoE) Directorate continue in their respective responsibilities to protect Iraq's 3,650 kilometers of international borders and 28 ports of entry to prevent smuggling, sabotage, and infiltration activities.

These organizations continue to enforce compliance with international treaties and protocols, with respect to international agreements and boundaries. DBE Police consist of five regional commands supporting 13 brigades, 44 line battalions and seven commando battalions for a total of 51 battalions. DBE Police are responsible to prevent unlawful entry of contraband, merchandise, and undesirable persons into Iraq. In a major reorganization in September 2008, the MoI directed the PoE Director and its personnel to report directly to the MoI. This change in the command and control of the PoE was initiated to reduce the chance of corruption at each PoE.

The PoE Directorate manages 17 land PoEs, 13 of which are open for commerce. The PoE is responsible for inspecting cargo and passengers at six international airports and four seaports to prevent smuggling of lethal contraband and illegal persons who are trying to enter Iraq. Currently six of the land ports, which are located on the Syrian and Iranian borders, have cargo x-ray systems, passport readers, U.S.-operated biometric identification systems, and embedded

Coalition personnel to support their mission. The DBE and PoE share four training academies at Al Kut, An Najaf, Basrah, and Sulaymaniyah. Basic recruit training is the primary focus at the academies, with smaller courses offered on commando skills, immigration, and internal affairs. Additional courses to improve officer leader and management skills, logistical operations, planning, and education related to international standards compliance are part of the curriculum. A total of 3,321 personnel have graduated within the last quarter.

During this quarter, at the request of the GoI, NTM-I conducted a training-needs assessment of the DBE and the PoE. NTM-I has submitted a requirement for a Training Augmentation Team (TAT) through Joint Forces Command, Naples. NATO-contributing nations will staff this TAT and will provide advice and assistance on training for the DBE. A lead nation has not yet been selected within NATO; however, several nations have expressed interest, and this effort is the NTM-I Commander's number one priority for 2009.



Both organizations continue to struggle with routine shortages of life support, including fuel, power generation equipment, and vehicle spare parts as a result of an inadequate logistics system and the lack of a document-based equipment issue process. The Coalition continues to advise and mentor the DBE and PoE to develop its logistics systems and is in the process of re-missioning operational units to provide Ports of Entry Training Teams for the PoEs.

Oil Police

The Oil Police (OP) is responsible for protecting all oil production infra-structure to include oil fields, pipelines, refineries, convoys, and retail stations. The OP mission requires forces to be located throughout Iraq along distribution lines in both remote and urban areas. Consequently, there is no standardized unit organization or coverage area. The OP operates in three districts—South, Central, and North—and is comprised of nine battalions. The MoI plans to form an additional nine battalions over the next year to provide nationwide infrastructure security coverage. During this reporting period, the OP has started to form two new battalions. Currently, the IA guards select areas of the oil production infrastructure, with the MoI scheduled to take responsibility for this mission in late 2010.

The OP lacks the basic equipment required to perform its mission. The MoI and the OP are acquiring weapons and uniforms, while the Coalition is assisting with specialty equipment such as busses, fuel tankers, water tankers, road graders, and tow trucks. During this reporting period, the OP received 100 patrol vehicles, 20 motorcycles, and 375 sets of body armor.

Approximately 60% of the existing force has completed the three-week OP course, with 77% projected by the end of 2008. Discussions are underway to establish a surge training capacity to ensure requirements keep pace with growth projections. Furthermore, there is a plan to begin training OP in the eight-week IPS course to increase professionalism. OP leaders are

actively involved in their organizations and are qualified for their positions. Most officers have been trained in a police or military academy. The only significant shortfall in leadership is in the junior officer and non-commissioned officer (NCO) ranks, which will take several years to correct.

As of October 2008, the OP has 29,411 assigned personnel including 232 officers permanently hired as civil servants and 29,179 on contract with the MoI. A final end-strength has not been determined but could exceed 35,000 personnel. Significant turnover in personnel occurred as a result of the OP officially transitioning to the MoI payroll in January 2008. Many individuals did not meet the MoI's police hiring standards due to age, health, and education criteria. There is a need to fix issues between the Ministry of Oil (MoO) and the MoI related to OP resourcing and sustainment requirements. The MoO is responsible for infrastructure development and maintenance, and the MoI is responsible for all other expenses including salaries and life-support sustainment. An initiative is ongoing to ensure unity of command and responsibility with a recommendation that the MoI be responsible for all requirements, less infrastructure. Resourcing from the MoO must be provided to the MoI to ensure this is accomplished.

Facilities Protection Services

The FPS is responsible for the protection of critical infrastructure throughout Iraq, including government buildings, mosques and religious sites, hospitals, schools and colleges, dams, highways, and bridges.

Under CPA 27, FPS forces were decentralized within each ministry and each province. The FPS Reform Law, which has yet to be passed by the CoR, will consolidate all FPS within the MoI except those FPS forces currently detailed to the Ministries of Oil and Electricity, as well as the Higher Judicial Council. The law still lingers between the CoM and the CoR. The FPS Directorate is spread across three divisions providing oversight of 28 ministry facilities and

various other facilities in 14 provinces. This period has seen a consolidation of the organization and an analysis of mission and tasks.

The MoI's FPS is currently trained in the eight-week IP course. The MoI has also provided training to other ministry FPS personnel in a three-week course, with 1,934 personnel trained since the beginning of 2008. There have been no personnel trained this quarter because of competing priorities and a lack of training space. However, the FPS plans to continue training in the three-week FPS course once consolidation occurs.

Currently, the MoI's FPS numbers 16,045 employees. Another 110,000 FPS work in other ministries, and approximately 89,000 of these are expected to meet MoI hiring criteria and transfer when consolidation occurs.

During this quarter, the MoI FPS has started to sign contracts with the other ministries' FPS, which marks a significant step toward consolidation. The projected end strength of this force is expected to be around 108,000 when consolidation is complete in 2009. The FPS leadership has been stable over the past year with very little turnover; however, there is a shortage of mid-level leaders.

2.3 Ministry of Defense

The MoD has approximately 197,000 personnel authorized and over 223,000 assigned as of October 31, 2008. Military operations in Basrah, Sadr City, Mosul, Amarah, and Diyala demonstrated the MoD forces' capability to conduct limited operations. These operations also underscored the continuing reliance on Coalition support in the fields of logistics, fire support, close air support, communications, planning, and intelligence, surveillance, and reconnaissance (ISR). The lack of a sustainment funding plan and a cumbersome centralized decision-making process fundamentally inhibit improvements in operational readiness and prolong MoD forces' reliance on Coalition support. The Defense Minister reviews almost all procurement and maintenance funding decisions and approves most equipment purchases.

The MoD is unlikely to expend its full budget by December 2008 based on current spending rates and practices. The current spend rate will delay additional force generation for 2009 and beyond. Further, the current amounts budgeted do not allow for both infrastructure sustainment and contingency supplies. The MoD has been overly focused on purchases for its steady-state force (2012 and beyond) rather than fundamental training, equipping, and sustaining shortfalls for its current forces.

The MoD has developed a National Military Strategy, Defense Policy, Defense Planning Guidance and service-level force generation plans; however, the Minister did not endorse these documents nor do they complement the budget process. The Defense Minister did approve Plan 2020, which aims to generate forces in three stages between 2008 and 2020. This plan is partially based on the services' force generation plans and will depend upon a

Iraqi Ground Forces Personnel as of November 13, 2008			
Unit	Authorized ^a	Assigned as percent Authorized	Present-for-Duty as percent of Authorized
Iraqi Ground Forces Command HQ	1,145	70%	61%
1st Division	12,105	113%	85%
2nd Division	12,855	133%	91%
3rd Division	13,605	113%	85%
4th Division	15,105	114%	86%
5th Division	12,855	117%	100%
6th Division	11,916	127%	90%
7th Division	12,105	101%	67%
8th Division	15,105	116%	75%
9th Division	12,614	102%	70%
10th Division	12,744	125%	97%
11th Division	9,666	119%	81%
12th Division	12,596	82%	56%
14th Division	11,998	93%	63%
17th Division	7,866	131%	91%
Total Fielded Ground Forces	174,280	113%	81%
Additional Units Planned or in Generation	34,500		
Total Ground Forces Fielded and Planned	208,780		

a. The table represents TOTAL FIELDED GROUND FORCES (and what is planned or in generation, etc., with regard to ground forces (34,500) for 2009).

separate budget directly granted by the Prime Minister. The plan is currently not resourced.

Ministry of Defense and Joint Headquarters

The Joint Headquarters (JHQ) is developing greater capability to provide operational-level advice to the MoD and is developing its capacity to plan and logically resource operations. In Diyala, the JHQ systematically planned and coordinated for essential supplies in advance of combat operations. Despite the JHQ's progress, the Iraqi national security

command-and-control architecture continues to be poorly defined, which inhibits planning, decision making, and the ability to execute coordinated operations at all levels. Coalition advisors continue to provide mentorship and partnership to the IJF, working closely with Iraqi staffs to increase their capacity to conduct operational and strategic-level rudimentary planning and execution.

Between August and October 2008, the IJF developed a Quarterly Readiness and Strategic Review (QRSR) process. The QRSR is a method of monitoring, auditing, and recording military transition status and operational readiness capability. It combines a readiness evaluation of the IA, IqAF, and IqN during the previous quarter and a strategic review of training, manning, logistics, operations, and infrastructure. The JHQ compiled the first QRSR with MoD involvement and endorsement for presentation to the Defense Minister in October 2008.

Policy and Plans

The MoD General Directorate for Policy and Requirements has limited capability to generate relevant and applicable defense policies and plans. In addition, the MoD and IJF staffs are highly centralized and have almost no authority for decision or action. Senior Iraqi leaders have resisted publishing formal policy documents, which results in sluggish decision-making practices at all levels. The MoD leadership often disregards the requirements generated by its subordinate staffs and is resistant to tying capability requirements to national security documents.

Acquisition

The MoD's acquisition branches lack the capacity to routinely acquire the goods and services necessary to sustain and modernize the IJF. The MoD faces numerous challenges, including the lack of a multi-year acquisition strategy, weak requirements determination, late release (typically six months into the fiscal year) of requirements funding, overly centralized decision making, inadequately trained or

experienced staff, and insufficient use of technology to optimize processes. Currently, less than 10% of employees in the procurement branches are adequately trained, and there are no program managers. There exists limited ability to conduct simple contracts with a single vendor, while major overseas contracts and purchases are personally negotiated by senior ministerial staff. Furthermore, the MoD is institutionally incapable of competitive tendering. Because of these limitations, the MoD continues to rely heavily on FMS to equip and sustain their forces.

To address these limitations, the Coalition is providing course instruction and on-the-job training to the MoD's acquisition staff in contracting, purchasing, and acquisition. Additionally, acquisition-trained subject-matter experts are deploying to support the Iraqi contracting branches. A range of other programs to increase acquisition capability are under consideration, such as development of the MoD Combined Logistic Operation Center, Iraqi internship programs, acquisition seminars for senior leaders, and increased employment of qualified Iraqi civilians.

Infrastructure

The MoD General Directorate of Infrastructure has limited ability to build new, or maintain current, infrastructure due to lack of experienced and qualified engineers. Less than 20% of the Directorate's 610 staff are considered proficient in their duties. According to MoF data, as of August 2008, the Directorate had executed \$5.8 million of its capital investment budget of \$296 million. Potential health hazards and poor living conditions for soldiers due to poor infrastructure maintenance are major concerns. As of early October 2008, only \$3.8 million of the \$60.8 million maintenance and rehabilitation budget has been executed. Recent reorganizations of base engineers may lead to some improvement to address quality of life maintenance issues, but only if ministerial delegation of resource expenditures accompanies the reorganization.

Finance and Budget

Despite using analog processes and the absence of networked computer solutions, the MoD Directorate General of Programs and Budget has sufficient capacity to execute its key financial management missions in support of the MoD with little external assistance. The principal weakness of the Programs and Budget Directorate remains a limited capacity to provide forecasts of ministerial budget execution. While the Coalition continues to provide a small team of advisors to the Programs and Budget Directorate, this branch is capable of operating independently. It is capable of iterative planning with the MoF to finalize and subsequently reconcile the annual ministry budget, accurate expenditure tracking, collation into a monthly report to the MoF, and compliance with GoI accounting guidelines, policies, and regulations.

Personnel

The MoD General Directorate for Personnel continues to make progress toward implementing a computer-supported, comprehensive personnel management system. Insufficient delegation of decision-making authority negatively impacts this and other initiatives, including hiring—approximately 40% of civilian positions across the MoD remain unfilled. The areas needing additional staff are contracts, communications, infrastructure, and acquisition.

The infrastructure for the Human Resources Information Management System (HRIMS) is in place and operating. The Coalition has trained MoD staff to operate and maintain HRIMS. HRIMS also interfaces with the network where biometric information is stored and will serve as the database for personnel identification and weapons accountability. The target date for HRIMS initial operational capability (IOC) remains December 2008.

In November 2008, the GoI finalized the National Reconciliation Program, which allows qualified former soldiers to re-join the Iraqi Armed Forces or retire. Those not qualified

will be permanently retired. Once complete, the program should yield a moderate increase in the number of mid-grade officers and NCOs within the Iraqi Ground Forces Command (IGFC). Veterans Affairs continues to develop as an institution to provide benefits and services to veterans, families of martyrs, caretakers for disabled veterans, dissolved entities, the families of those missing in action, and prisoners of war. The Prime Minister's initiative to form a National Reconciliation Committee (NRC) led to a process to reduce the backlog of 160,000 retirement files from veterans of the previous regime. As of September 2008, this resulted in approved retirement for 3,664 officers and 14,812 NCOs during a 30-day period, vice approximately 2,000 files per month previously. MNSTC-I continues work with the NRC to improve the retirement process, develop plans to revise and fill the Modified Table of Organization and Equipment (MTOE) with capable employees, and establish an automation network to include HRIMS.

Inspector General (IG)

IGs in JHQ and MoD continue to increase their capability and are pursuing an aggressive inspection schedule. The JHQ IG completed 110 unit inspections in 2008 through October and recommended numerous changes to improve unit readiness status. Coalition advisors are assisting IG staffs to implement a follow-up action system to monitor post-inspection results. The JHQ IG has been authorized an increase to 127 inspectors; however, only 18 inspectors are on staff. The Minister of Defense recently issued a directive that provides the specific instructions for conduct of corruption investigations. Other focus areas for the Iraqi IG include detainee facilities and operations. The MoD IG has begun conducting systematic inspections, completing 16 in the last two months; however, little action occurs post investigation. Coalition advisors are coordinating with the U.S. Embassy's Anti-Corruption Office to provide MoD IG access to additional training initiatives and opportunities.

Human Rights

The MoD has jurisdiction and oversight responsibility for over 30 IA detention facilities, but is not structured to maintain detention facilities for large, long-term detainee populations. The current population of 2,083 is 28% over the capacity of 1,633. The root cause of the backlog is due to detainees awaiting legal review. Despite the issuance of a Prime Minister Executive Order, there are occurrences of detainees remaining in detention for months with no legal review or investigation. Inadequate medical care, poor quality of food and water, and a pervasive lack of latrines and hygiene facilities plague the detention system. Approximately half the detention facilities do not allow family visits.

Military Justice

Military justice continues to improve with operational courts hearing cases in Baghdad, Basrah, Mosul, Najaf, and Ramadi. In early October 2008, the Minister of Defense established an additional military court in Diyala. Negotiations continue between the Peshmerga and MoD to select judges for the military court in Irbil. The Minister of Defense has appointed a Chief Judge who will be responsible for establishing the nascent Joint Military Court in Baghdad, which will have jurisdiction of cross-security ministry cases. The Military Court of Cassation in Baghdad is the functioning appellate court. The MoD General Counsel identified shortcomings in the application of Military Penal and Criminal Procedure Laws that have hampered execution of the justice process. Within the next year, the General Counsel plans to propose amendments to improve the laws, which should in turn improve the efficiency of the military justice system.

Operations

The JHQ is slowly improving operational command and control capabilities; however, the JOC remains heavily reliant on Coalition sources for friendly and insurgent unit disposition, situational awareness, and general intelligence gathering. Staff planning is

improved but underutilized outside of the JHQ. Logistics, sustainment of ISF personnel, equipment distribution, infrastructure maintenance, and force generation continue to pose obstacles to long-term operational capability as more Iraqi forces operate without support from Coalition forces. Ad hoc lines of communication and informal leader authority, based on personal relationships rather than formal and functional hierarchy, contribute to a lack of timely decision making.

Logistics

Coalition and Iraqi forces have created a strategic logistics task force, under the direction of a Coalition senior theater logistian, to hasten the implementation and integration of a comprehensive strategy. Critical components of this strategy are a strategic logistics doctrine supported by a requirements-based acquisition strategy, capable procurement specialists, and logistics managers. Without these elements, the MoD will not be able to sustain and modernize the IJF. The IJF is now nearly self-sustaining in refined petroleum products used to fuel their combat and support vehicles and generators.

The Coalition is planning to build a facility for the Combined Logistics Operation Center, providing a structure to facilitate tracking, coordination, and reporting of IA logistic operations, and will include a material management control element. Construction and training continue at Taji National Maintenance Depot. The Small Arms Shop, which the Coalition handed over to the Iraqis on May 31, 2008, continues with on-the-job training (OJT) and moved into low rate production in October 2008. Some shops within each of the Wheeled and Tracked Depots have commenced OJT, but a handover is not scheduled until OJT is complete. Low scale production is set to commence in December 2009. The Coalition has procured the mission-essential equipment list for 13 field workshops (\$90 million) and 13 Locations Commands (\$134 million). Equipment is arriving, and delivery will continue through November 2009. The incremental delivery will

prevent these units from reaching full strength for at least 12 months. To improve repair parts flow and stimulate overall maintenance operations, repair parts packages were distributed to assist in establishing stock objectives and replenishment procedures. An assessment of this initiative is in progress. A newly established combined Iraqi Logistics Development Committee of Coalition and Iraqi logistics leaders will focus on the recommended procedures and policies to establish doctrinal solutions designed to address current gaps in the Iraqi Logistics Concept.

Training

NTM-I works closely with the JHQ to train officers and senior NCOs in leadership, branch-specific skills, staff procedures, and management. It also provides advice to the four military training academies and plans to expand mentoring to these academies in 2009. NTM-I has worked closely with MNSTC-I to develop a new course for the education of sergeants major. NTM-I is focused on training Iraqis to allow them to take over responsibility for their own training as soon as possible. The transition from Coalition to Iraqi instruction is progressing, with only eight Coalition professors remaining on staff to mentor 17 Iraqi instructors.

Iraqi Army Organization

The IA currently has 13 infantry divisions and one mechanized division organized under the IGFC. The Ground Forces include 14 divisions, 52 brigade headquarters, 174 army battalions, six infrastructure, and six special operations battalions. Of these units, one division, two brigade headquarters, 14 army combat battalions, one special operations battalion, and one infrastructure battalion are still being formed.

Current Iraqi Army combat strength is 165 of 208 planned battalions (nine battalions in addition to the 165 are forming but not yet reporting).³⁴ As of October 31, 2008, 67% of all formed and reporting IA combat battalions

(110 of 165) are rated at the top two levels of operational readiness and able to plan, execute, and sustain operations with minimal or limited assistance from Coalition forces. Operational commands, headquarters for all military and police units operating in their regions, are located in Anbar, Baghdad, Basrah, Diyala, Karbala, Nineva, and Samarra. Five battalions of the 12th Division and one of the 2nd Division are still organized as infrastructure battalions guarding Iraqi oil pipelines. By the end of 2008, the IA will produce an additional division headquarters, three brigade headquarters, eight infantry battalions, two motor transport regiments, one general transport regiment, and an army ammunition depot.

The JHQ is effectively synchronizing unit set fielding in support of the force generation plan. Improved coordination has increased the MoD's equipping efforts, and development of logistics support units is progressing. Recent operations in Diyala demonstrate that IA leaders continue to gain confidence in region-wide COIN operations, such as targeting AQI and criminal strongholds. In Salah ad Din Province, continued cache turn-ins by local nationals and information from human intelligence sources suggest AQI and other insurgents' ability to intimidate the local populace is declining, while confidence in the IA and the overall security situation continue to improve. Iraqi forces in Basrah, Sadr City, Mosul, and Diyala continue to pursue AQI and militia extremists, but must rely on Coalition forces for close air support, fire support, and ISR. Efforts to improve logistics, sustainment, and communications are ongoing.

Training

This quarter saw continued improvement in training at the Divisional, Regional, and Combat Training Centers. The Warfighter (WFX) training program, which began in June 2008, rotates battalions through three-week exercises focused on platoon and company level skills, staff leader training and battalion collective training. Basic Combat Training continues to train and assign soldiers to units

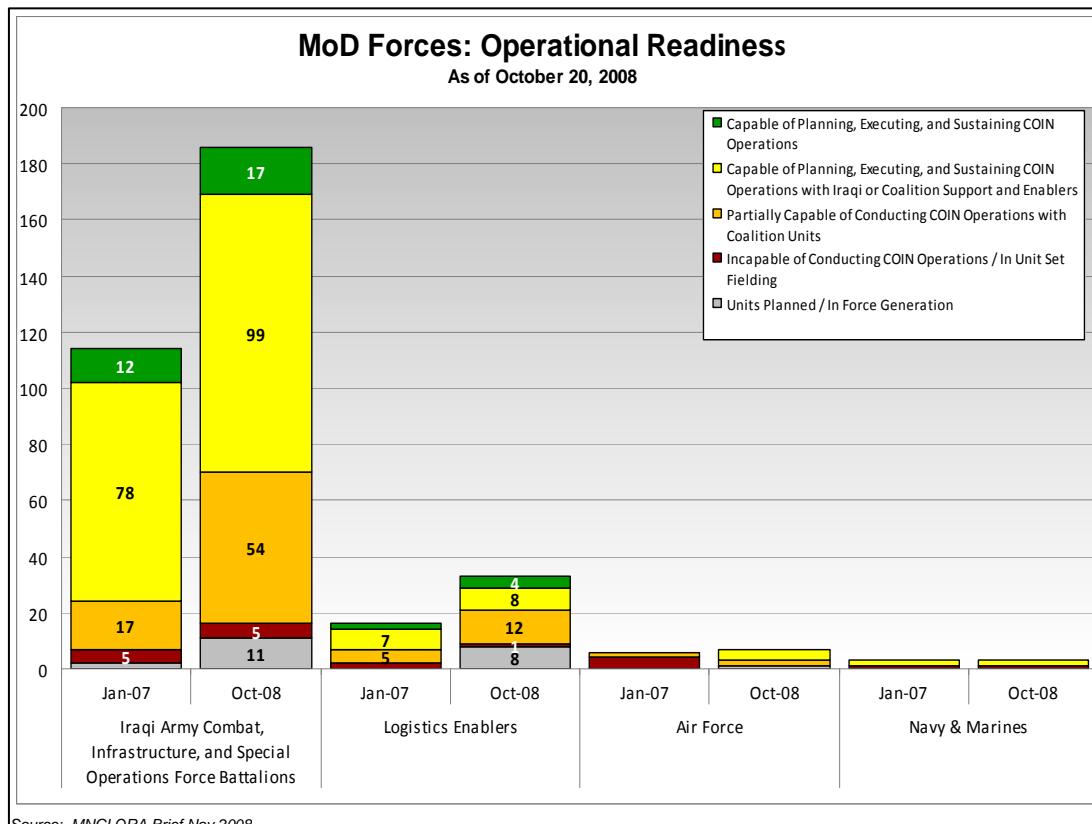
from eight training centers. Approximately 70,000 soldiers have completed basic training in 2008, with nearly 25,000 of them assigned to newly formed units. Additionally, more than 10,000 have completed training in one of eight different Military Occupational Skill Qualification courses: maintenance, transportation, signal, supply, administration, weapons armorer, military police, and medical. The IASSI continues to provide education in multiple disciplines, supporting the MoD and the IGFC by providing specific training for support soldiers in the areas of maintenance and repair. The IASSI has produced over 5,292 graduates in 2008.

Materiel

The IA continues to successfully field single channel ground and airborne radio systems (SINCGARS) giving its units secure radio communications. The fielding includes the installation of radios in over 900 vehicles and the distribution of over 6,400 manpack and handheld radios. Divisions now utilize SINCGARS radios during combat, which has enhanced command and control capabilities.

The IA continues fielding M16A4 and M4 individual weapons. More than 50,000 of the 2008-programmed goal of 58,000 weapons have been issued through October 2008. Weapons accountability is maintained through frequent inventories and redundant checks of proper identification, to include biometric data.

The GTR located at Camp Taji provides the IJF with transportation assets to move supplies from ports and depots to IA facilities. The GTRs are principally equipped with five-ton trucks, donated by Germany, to deliver supplies; however, these trucks do not meet requirements for long haul capability. Additional equipment valued at \$20.5 million is expected to arrive in early 2009 to make the GTR fully operational. The 11th and 14th MTRs still suffer equipment shortages, although the Coalition has augmented these units with equipment totaling \$24 million. In September 2008, the IA assumed control of the Bayji National Ammunition Depot (BNAD) upon the graduation and organization of the BNAD Battalion on August 20, 2008. The Taji National Supply Depot development remains



on schedule, with key infrastructure upgrades scheduled for completion in early 2009. The Defense Logistics Agency advisor team continues to assist the Iraqis to improve depot operations. Installation of the maintenance program computer system is complete and the IA now controls supply activities. Contractors continue to provide maintenance at Al Asad and Taji Tracks facilities and warehouse support at Taji Central Warehouse.

Leadership and Education

The IA continues to develop a Non-commissioned Officer Education System (NCOES) based on small unit leadership and backed by policies that link the professional education system to promotions. To date, nearly 14,000 NCOs have graduated from NCOES courses. Instructors updated curricula to incorporate lessons learned during fighting in Amarah, Baghdad, Basrah, Diyala, and Mosul. The Iraqi Center for Military Values, Principles, and Leadership Development is charged with developing a professional force that is ethically based, competently led, loyal to the principles of the constitution, and accountable to the civilian leadership and people of Iraq. Ethics training is now included in basic combat and leader training programs and during unit set fielding and WFX exercises. The center has generated 270 new instructors this year and had the opportunity to instruct 82 Joint Staff College students.

Personnel

In September 2008, the Minister of Defense issued a directive to reduce personnel staffing in IA divisions to 105% of authorization, rescinding a previous direction for temporary strength increases to 135% staffing levels. The IA has 107% of their authorized soldiers, 70% of their authorized officers, and 68% of their authorized NCOs. IA personnel statistics reflect an average of 76% present for duty at any given time. The average leave rate is currently 23% of assigned, which is within tolerance of the IA policy of 25%. The most critical personnel issues are related to the need for a documented management strategy,

improved procedures for paying soldiers, accurate accountability procedures, and the need to transparently promote individuals on a merit-based system.

The 2008 Basic Combat Training graduation rate of just over 70,000 is lower than the goal of 114,600 needed to attain 2008 force generation goals. The reason for these shortages include the fact that the GoI's mandated Transition and Reintegration (TNR) Program to reintegrate previous security members into the government prohibited TNR selectees from sharing the same training base with new recruits. More significantly, budget constraints delayed the start of the upcoming Basic Combat Training cycle. The budget limits MoD staffing to 258,000, which precludes additional accessions. Once this budget issue is resolved, over 20,000 recruits are ready to enter the training base.

Facilities

Currently, eight of 11 planned Divisional Training Centers are complete, with three more nearing completion this quarter; one remains unfunded at this time. These centers include a range complex, combat assault course, live fire shoot house, and outdoor classrooms. They support both Basic Combat Training and WFX exercises for the IA. However, billeting is limited, which restricts usage of the centers. The current combined capacity is limited to 14,600 students. Additional facilities planned in 2009 include dedicated AAR and medical training classrooms and weapon cleaning stations. The construction of 13 Location Commands, one for each IA division, continues. These commands consist of warehousing, fuel storage, billeting, and life support facilities. The MoD is also planning to build 14 life-support base sustainment warehouses in 2009 to provide food storage capacity. Location Commands are expected to be complete in the spring of 2010, once funding is approved.

Despite significant improvements, several gaps remain in IA infrastructure. The most limiting

factor is the availability of electricity when few bases have connectivity with the national power grid or a functional centralized power plant. Generators are used to offset this deficiency, but they are inefficient and unreliable and must compete with other facilities, such as water and sewage treatment plants, for power. Fuel and maintenance requirements for generators further complicate the situation.

Iraqi Air Force

The IqAF continues to develop its capabilities to support the COIN fight with ISR and airlift platforms. The next challenge for the IqAF will be to expand current capabilities and build the foundation of a credible and enduring IqAF for the future. Despite its rapid growth in the past year, the IqAF remains the smallest of all major Middle Eastern air forces. Achieving the goal of an IqAF that is credible and capable will require extensive Coalition support.

Doctrine

The IqAF has taken important steps to create its doctrine. In ISR, Iraqi and Coalition partners have begun codifying their lessons learned in tasking, collecting, processing, exploiting, and disseminating information. In kinetic operations, the IqAF is preparing for the arrival of its first aircraft capable of air-to-ground attack by establishing acceptable rules-of-engagement.

Organization

Over the past nine months, the IqAF aircraft sortie rate has increased significantly, and its proficiency in scheduling and conducting flight operations continues to improve. Today, the IAOC provides command and control of over 300 sorties per week spanning training, ISR, and airlift missions. IqAF ISR missions have resulted in the capture of insurgents and identified damaged infrastructure, which has helped the GOI to expedite repairs and re-establish public services. Additionally, the IqAF proved itself during combat operations in Basrah (1,344 fixed/rotary-wing reconnaissance, transport, ISR, casualty evacuation, and pamphlet drop missions to date), Sadr City

(continuous ISR and pamphlet drops), Mosul (178 fixed/rotary-wing transport, ISR, and casualty evacuation missions), Amarah (five rotary wing transport and ISR missions), Karbala Pilgrimage (71 fixed/rotary-wing ISR missions), and Diyala Province (108 fixed/rotary-wing ISR missions).

Training

Training is the IqAF's top priority as it strives to reach 7,000 personnel by 2010. Today, the IqAF has 35 officer and enlisted specialties spread across ten functional areas. IqAF training has advanced substantially. Ground training programs, headquartered at Taji Air Base, include Basic Military Training (BMT), Basic Technical Training (BTT), and the Air Force Officer Course (AFOC) at the Iraq Military Academy at Rustamiyah (IMAR). By the end of 2008, the Taji training wing will graduate 44 officers from the Air Force Academy, 826 enlisted members from BMT, and 362 Iraqi Airmen from various BTT courses. By January 2009, 135 officers will have graduated from AFOC at IMAR. To satisfy the demand for more warrant officers and officers, the IqAF is working to increase the size of warrant officer BMT classes from 50 to 120 and officer candidates to 250 by January 2009.

The Flying Training Wing at Kirkuk Air Base has an annual basic flight training capacity of 120 students, with 42 currently enrolled. By the end of 2008, three pilots and two instructors will graduate, and another 20 officers will begin flight training. These new pilots will join 41 re-qualified Iraqi instructor pilots and two mission-sensor instructors to conduct training in basic flight, airlift, and ISR missions. Despite rapid growth of its flight training capacity, the IqAF will lack required aircrews for several years as its inventory of aircraft grows. This aircrew shortage will only be met by further expansion of domestic flight training resources and use of foreign training opportunities. English Language Training (ELT) is a top training priority for IqAF leaders. ELT currently focuses on aircrew, aircraft maintenance,

air traffic control, and communications personnel. The Coalition now provides the majority of ELT instruction, but the GoI is filling 50 Iraqi ELT trainer positions, supporting an annual ELT training capacity of nearly 800 students.

Materiel

The IqAF added 25 aircraft in the first nine months of 2008 to reach a total of 77 assigned aircraft and anticipates receiving eight more by the end of 2008.³⁵ Plans call for adding another 34 aircraft in 2009. Unfortunately, the IqAF's inexperience in acquisition continues to make procurement a challenge, which is further compounded by the fact that the Defense Minister makes most acquisition decisions. The IqAF has shown a nascent capability in requirements generation, FMS case development, and source-selection, but years of staff development are still necessary. Only by building robust institutional processes will the GoI be able to obtain the aircraft, materiel, and support necessary to build and sustain their force. The IqAF and MoD have signed FMS LOAs to procure six C-130J aircraft and 24 armed reconnaissance helicopters. The IqAF will receive an initial air-to-ground attack capability, forecast for early 2009, with the delivery of 20 Hellfire air-to-ground missiles.

Personnel

The IqAF continues to slowly increase its personnel but has still filled only 53% of authorized strength; even when civilians are included, they only achieve 54.9% staffing. Those numbers must grow significantly in the future to match anticipated growth in aircraft numbers. Such growth is slowed by the time required to produce airmen qualified to maintain and operate aircraft and ground support systems.

Of particular concern is a severe shortage of mid-career officers. Over 50% of pilots and 35% of ground officers will reach retirement age before 2020, and the few mid-career pilots remaining lack flying experience, since the force was essentially grounded from 1991-

2005. These numbers point to a shortage of senior IqAF leaders in ten years. The IqAF will need to identify mid-career officers with potential to serve in the highest ranks and guide them toward western professional military education courses. The IqAF's long-term success requires identification of mid-career officers who have the potential for advanced education programs in order to understand the complexities of leading at the highest levels. Although IqAF personnel demonstrate increasing ability to manage day-to-day operations and acquire equipment, they lack institutional capacity in several areas, such as planning for aircraft sustainment and infrastructure.

Facilities

On-going projects at Taji, Kirkuk, and New al-Muthanna Air Bases will increase training capacity and be able to adequately support the requisite growth in IqAF personnel. Over the next four years, the IqAF will expand to 11 main operating bases. Turnover of critical infrastructure, including aircraft parking ramps, hangars, and dormitories, is critical to growth. Three major efforts are currently already underway in Kirkuk, al-Kut, and Ali Ab.

Iraqi Navy

Organization

The Iraqi Navy (IqN) headquarters is co-located in the Baghdad MoD offices from which it sets maritime policy and provides strategic guidance for the Navy. The IqN operates from a single base in Umm Qasr and within 60 miles of the nation's oil infrastructure that generates 80% of Iraq's GDP through its petroleum exports. Consequently, the Umm Qasr base is ideally situated from an operational stand point. The Navy consists of a single Squadron of five 24-meter patrol boats and ten seven-meter fast assault boats (FAB). In July 2009, the first of four 54-meter patrol ships will arrive from Italy, with the remainder scheduled to be delivered by July 2010. The IqN has two Marine battalions, which should reach full strength by the end of 2008. A training certification program, which started in

October 2008, will culminate in the spring of 2010 with each battalion certified to conduct both land and maritime missions.

The Iraqi and Kuwaiti Heads of Navy formally signed the Khawr Abd Allah (KAA) protocol in November 2008 after informal implementation since May 2008. This protocol is a Navy-to-Navy agreement between Kuwait and Iraq designed to improve interoperability and co-operation in the KAA waterway and territorial seas of Iraq. It defines a simple grid system for unit location reporting, regular communications, and information sharing to assist co-ordination and operational picture clarification. It does not refer to any maritime boundary issues, and is not legally binding.

Training

A British Royal Navy Captain and 58 Royal Navy Sailors, in addition to a team of approximately 70 Coalition advisors, are based at Umm Qasr and lead the IqN training effort. The training covers all aspects of basic seamanship from navigation to engineering, logistics, and basic sea safety and focuses heavily on preparing personnel to conduct operational missions. Iraqis also participate in training outside the country, with 17 IqN officers currently in the UK at command, warfare, navigation, and basic officer training. In 2009, 14 officers will attend courses in the UK to prepare for the arrival of new vessels. The long-term goal is to have four officers annually attend new entry training in the UK or the U.S. and a further 10-12 per year in staff, command, warfare, engineering, and logistics courses.

Materiel

The new fleet is expected to comprise 15 patrol boats, four patrol ships, and two offshore support vessels, supported by 50 FABs and rigid hull inflatable boats, for boarding and inshore operations. The patrol ships are on contract with Italy, and delivery of the smaller craft has commenced.

Leadership and Education

The senior leaders of the IqN are apolitical, progressive, and have a clear vision of where the IqN needs to be in 15 years. They are realistic about the future capability of the IqN and desire long-term training partnerships with the U.S. and UK, with the intent of adopting best practices from both nations.

Personnel

The IqN has nearly 2,000 of an authorized 3,596 personnel, plus another 891 assigned to the two Marine battalions. An additional 500 soldiers direct from basic training, as well as 30 new officers, will report for duty this fall, although a slight officer shortfall will remain. An aggressive program of training began in October 2008 to create a Marine force capable of conducting any land or maritime mission by late 2009. In the spring of 2009, a further 250 naval recruits will start basic training at Umm Qasr, followed by an additional 150 recruits in the fall. This will bring the IqN to nearly full strength of 2,900 personnel by the end of 2010.

Facilities

Recently approved contracts for piers, barracks, and repair facilities will ensure that the IqN has enough infrastructure to support itself in the short term. However, requirements remain to address future barracks, a command HQ, an ammunition magazine, warehouses, simulators, and improved training facilities to ensure continued progress of the IqN.

2.4 Iraqi National Counter-Terrorism Forces

The Iraqi National Counter-Terrorism Forces (INCTF) are headed by the ministerial-level (though not formally recognized) Counter-Terrorism Bureau (CTB) and include the Counter-Terrorism Command (CTC) and the ISOF Brigade. Under Prime Minister Directive 61, signed in April 2007, the INCTF is independent of both the MoD and MoI. A bill still awaits CoR approval to establish the CTB as a separate ministry, formalizing a ministerial-level position for the CTB Director.

Organization

The CTB continues to improve coordination with the MoD and MoI on strategic-level planning, targeting, and intelligence fusion. The proposed CTB law was approved by the CoM in late July 2008 and submitted to the CoR. However, in September 2008, the proposal was returned to the CoM to incorporate rule of law provisions, among them that the CTB Director be appointed a special rank with “minister-like powers.”

The CTC is the operational headquarters for combating terrorism in Iraq. CTC exercises command-and-control of ISOF units that execute tactical operations. The ISOF Brigade conducts tactical operations in conjunction with U.S. advisors. The brigade is composed of nine battalions including: the 1st Battalion (Bn) (Commando); 2nd Bn, which is designated the Iraqi Counter-Terrorism Force (ICTF); 3rd Bn (Support); 4th Bn; and 5th Bn, which conducts the Iraqi Special Warfare Center and School (ISWCS). In 2008, the ISOF Brigade underwent expansion to include four 440-man regional commando battalions: the 6th (Basrah), 7th (Mosul), 8th (Diyala), and 9th (Al Asad). The 6th and 7th Bns achieved full operational capability (FOC) in mid-2008. The 8th Bn is to achieve FOC in December 2008 and the 9th Bn in May 2009. The four regional battalions will be housed on regional commando bases, each of which will also incorporate a regional counter-terrorism center (RCC). These RCCs will have intelligence fusion cells that will be linked to the CTC, but as yet, they have not been integrated into the MoD and MoI intelligence networks. The Coalition has provided secure communications and information networks for use throughout INCTF. The Coalition also has Military Training Teams (MiTTs) at all three echelons that have 24-hour contact with their Iraqi counterparts.

As of October 2008, INCTF still apprehends terrorists in conjunction with U.S. Forces, although ISOF has made significant strides in its target-identification procedures in the

second half of 2008. In Sadr City, ISOF elements conducted missions without Coalition support. Since operations in Diyala in August 2008, both Iraqi and U.S. advisors have reviewed ISOF targeting practices to increase efficiency and to verify that sensitive targets have been thoroughly developed and vetted. Challenges remain to ensure that all echelons in the CTB are focused on the proper targets, have complete situational awareness, and understand implications (military and political) of specific objectives.

Both the CTC and the ISOF Brigade have IG staff sections. The CTC IG has conducted inspections at 95-100% of INCTF's units, including the RCCs and the detention facility where ISOF transient detainees are held. The IG conducts both staff assistance visits and formal inspections, monitoring for human rights violations as well as for internal affairs issues.

Training

The ISWCS conducts three rotational courses to meet force generation requirements. The first is the three-week Selection Course; the attrition rate for candidates in this rigorous screening course is greater than 50%. Of those who graduate, the top 10% are sent to the eight-week Operators Training Course, and from there they are assigned to the 2nd Bn (ICTF). The next 20% are earmarked for the six-week Commando Course. The remainder is assigned to the Support Battalion and Garrison Support Unit. Recruits for the Selection Course are nominated by Shi'a, Sunni, and Kurdish tribal leaders from among candidates who have no prior military experience.

The ISOF brigade currently has 824 soldiers who passed selection in May 2008 and are awaiting training. These forces would be sufficient to bring all units to operating capability by January 2009 and complete force generation. However, the ISWCS has encountered difficulties obtaining support from the MoD for ammunition, equipment, and pay for the trainees. The next Selection Course is

tentatively scheduled for January 2009, with a reduced enrollment of 400, reflecting decreasing replenishment needs. The CTB is creating a force management model to sustain the force through recruitment and additional courses. The CTB and MoD must develop an MOA of support for ISOF personnel. INCTF advisors have made this a priority in the months ahead.

Materiel

The ISOF Brigade, including the ISWCS, currently relies on the MoD for ammunition and vehicle and weapons spare parts. As of mid-October 2008, the ISOF Brigade delivered to units 1,360 vehicles, including 223 HMMWVs. An additional 364 HMMWVs are expected by August 2009. The ISOF Brigade has received 95% of all materiel in eight of its nine battalions. More than 50% of INCTF's budget can be used for materiel purchases.

Leadership and Education

In September 2008, INCTF submitted to the MoD a list of college-educated candidates for admission to the four regional military academies to help alleviate a critical officer shortage in the ISOF brigade. MoD approval is still pending. At the direction of the Prime Minister, ten graduates from each of the four military academies (Rustumayyah, Zahko, Nasiriyah, and Qualachulon) and the staff college at Rustumayyah are to be assigned to INCTF. INCTF is participating in an International Military Education and Training program for officer development where areas of focus are NCO and MOS training. Currently, NCO training within the ISOF Brigade is accomplished by OJT at the unit level.

Personnel

INCTF is a non-sectarian force as reflected in its leadership, its personnel, and how it conducts operations. Of the 4,160 members of the ISOF Brigade, 61% are Shi'a, 24% are Sunni, 12% are Kurds, and the remaining 3% are other minorities, according to statistics compiled in September 2008. This breakout closely reflects national sectarian averages. The sectarian breakdown of terrorists targeted

by the CTC is close to the national sectarian cross-section. Of 195 recorded terrorist identified and apprehended by ISOF elements in conjunction with U.S. advisors between February and October 2008, 52% were Shi'a and 48% were Sunni. INCTF's non-sectarian approach is also seen in the internal vetting of personnel in key positions. As of September 2008, CTB and CTC were well ahead of any other ISF organizations with respect to the number of personnel voluntarily screened by U.S. counterintelligence assets. This screening consisted of both interviews and polygraphs to verify background investigations.

The INCTF's staffing increased 56% over the last year—CTB is currently manned at 212%, CTC at 162% and the ISOF Brigade at 85%. Overall, INCTF is manned at 98%, and all battalions are expected to be steady-state by July 2009. Currently, officer manning is at 56%, and NCO strength is at 49%. INCTF advisors closely monitor pay issues, recruitment, and selection of ISOF personnel. This is a command priority, which continues to be emphasized at all senior leader engagements. The next ISOF selection course is tentatively scheduled for January 2009 and will include 400 soldiers. At steady state, the INCTF will consist of 8,391 operators, staff, and support personnel.

Facilities

The CTB is housed in two compounds in the International Zone. The ISOF Brigade is based near Baghdad International Airport and includes offices and billeting for the 1st, 2nd, 3rd, 4th, and 5th Bns and the new Garrison Support Unit. Construction was completed in October 2008 for 12 barracks, a company headquarters, and a maintenance bay. The INCTF expansion plan includes establishing four regional commando bases (RCB) located at Al Asad, Basrah, Diyala, and Mosul to provide force projection throughout Iraq. Each RCB template contains a commando battalion with a platoon-sized reconnaissance unit and a company-sized Garrison Support Unit.

Annex A

List of Acronyms and Abbreviations

AAH	Asa'ib Ahl Al-Haq
AFOC	Air Force Officer Course
AQI	Al Qaeda in Iraq
BACC	Baghdad Area Control Center
BCT	Brigade Combat Team
BMT	Basic Military Training
Bn	Battalion
BNAD	Bayji National Ammunition Depot
BOC	Baghdad Operations Command
BPC	Baghdad Police College
BRT	Basic Recruit Training
BTT	Basic Technical Training
CBI	Central Bank of Iraq
CCCI	Central Criminal Court of Iraq
COB	Contingency Operating Base
COIN	Counterinsurgency
COL	Contingency Operating Location
CoM	Council of Ministers
CoR	Council of Representatives
COS	Contingency Operating Site
CTB	Counter-Terrorism Bureau
CTC	Counter-Terrorism Command
DBE	Directorate of Border Enforcement
EFP	Explosively-Formed Penetrator
EFT	Electronic Funds Transfer
ELT	English Language Training
ePRT	Embedded Provincial Reconstruction Team
FAB	Fast Assault Boat
FMS	Foreign Military Sales
FOC	Full Operational Capability
FPS	Facilities Protection Service
FY	Fiscal Year
GDP	Gross Domestic Product
GoI	Government of Iraq
GTR	General Transportation Regiment
HJC	Higher Judicial Council
HMMWV	High Mobility Multipurpose Wheeled Vehicle
HPA	High-Profile Attack
HQ	Headquarters
HRIMS	Human Resource Information Management System
IA	Iraqi Army
IAOC	Iraqi Air Operations Center
IASSI	Iraqi Army Support and Service Institute
ICI	International Compact with Iraq
ICTF	Iraqi Counter-Terrorism Force
IDP	Internally Displaced Person

IED	Improvised Explosive Device
IFMIS	Iraq Financial Management Information System
IG	Inspector General
IGFC	Iraqi Ground Forces Command
IJF	Iraqi Joint Forces
IMAR	Iraqi Military Academy at Rustamiyah
IMF	International Monetary Fund
INCTF	Iraqi National Counter-Terrorism Force
INL	International Narcotics and Law Enforcement
IOM	International Organization for Migration
IPA	International Police Advisor
IPS	Iraqi Police Service
IqIC	Iraqi Intelligence Community
IqAF	Iraqi Air Force
IqN	Iraqi Navy
ISF	Iraqi Security Forces
ISFF	Iraqi Security Forces Funds
ISOF	Iraqi Special Operations Forces
ISR	Intelligence, Surveillance, and Reconnaissance
ITN	Iraq Transportation Network
JAM	Jaysh al-Mahdi
JEC	Joint Economic Commission
JHQ	Joint Headquarters
JOC	Joint Operations Center
CAA	Khawr Abd Allah
KGK	Kongra Gel
KRG	Kurdistan Regional Government
LAOTF	Law and Order Task Force
LOA	Letter of Offer and Acceptance
mbbl/d	Million Barrels Per Day
MeK	Mujahedin-e Khalq
MND	Multi-National Division
MNC-I	Multi-National Corps-Iraq
MNF-I	Multi-National Force-Iraq
MNSTC-I	Multi-National Security Transition Command-Iraq
MoD	Ministry of Defense
MoE	Ministry of Electricity
MoF	Ministry of Finance
MoH	Ministry of Health
MoI	Ministry of Interior
MoJ	Ministry of Justice
MoP	Ministry of Planning
MSI	Mutammar Sahwat Al-Iraq
MTDC-A	Ministerial Training and Development Center – Academy
MTR	Motor Transport Regiment
MW	Megawatts
NCC	National Command Center
NCO	Non-Commissioned Officer
NCOES	Non-Commissioned Officer Education System

NP	National Police
NRC	National Reconciliation Committee
NTM-I	NATO Training Mission-Iraq
OJT	On-the-Job Training
OP	Oil Police
OPC	Oil Pipeline Company
OTA	Office of the Transportation Attaché
PBIED	Person Borne Improvised Explosive Device
PDoP	Provincial Director of Police
PEL	Provincial Elections Law
PDS	Provincial Development Strategy
PEZ	Pipeline Exclusion Zone
PFMAG	Public Finance Management Action Group
PIC	Provincial Iraqi Control
PJCC	Provincial Joint Coordination Center
PoE	Ports of Entry
PRT	Provincial Reconstruction Team
PST	Provincial Support Teams
RCB	Regional Commando Bases
RCC	Regional Counter-Terrorism Centers
RTC	Regional Training Center
RoLC	Rule of Law Complex
SBA	Stand-By Arrangement
SFA	Strategic Framework Agreement
SG	Special Groups
SGC	South Gas Company
SINCGARS	Single Channel Ground and Airborne Radio Systems
SOE	State-Owned Enterprise
SOFA	Status of Forces Agreement
SoI	Sons of Iraq
SOP	Standard Operating Procedures
SVBIED	Suicide Vehicle-Borne Improvised Explosive Device
TAT	Training Augmentation Team
TFBSO	Task Force to Improve Business and Stability Operations-Iraq
TQI	Training Qualification Institute
TRA	Transition Readiness Assessment
UAE	United Arab Emirates
UNAMI	United Nations Assistance Mission Iraq
UNHCR	United Nations High Commissioner for Refugees
VBSS	Vessel Board, Seize, and Search

¹ The data cutoff date for this report, unless otherwise stated, is November 30, 2008.

² Those ineligible for amnesty under this law include those already sentenced to death under the Penal Code, those charged or convicted of violations of the Anti-Terrorism Law that resulted in death or disability, and those charged with or convicted of pre-meditated murder, manslaughter, kidnapping, stealing, aggravating circumstances, embezzlement, rape, sodomy, incest, counterfeiting, drug crimes, smuggling antiquities, or any of several offenses under the Military Penal Code.

³ Previous reports reference the GoI's judiciary as the Higher Juridical Council. This was a translation error. The GoI references its judicial branch as the Higher Judicial Council.

⁴ Core inflation excludes fuel, electricity, transportation, and communications prices.

⁵ Nationwide Survey, October 2008. For security reasons, to protect the integrity of the data and the anonymity of the individuals involved with the polling data and their association with the USG, the survey questions and supporting data can be found in the classified annex to this report. This note applies to footnotes 5 through 12 and 14 through 28.

⁶ Nationwide Survey, October 2008.

⁷ Nationwide Survey, October 2008.

⁸ Nationwide Survey, October 2008.

⁹ Nationwide Survey, October 2008.

¹⁰ Nationwide Survey, October 2008.

¹¹ Nationwide Survey, October 2008.

¹² Nationwide Survey, October 2008.

¹³ The survey questions and supporting data have been moved to the classified annex for security reasons to protect the integrity of the data and the anonymity of the individuals involved with the polling data and their association with the USG.

¹⁴ Nationwide Survey, October 2008.

¹⁵ Nationwide Survey, October 2008.

¹⁶ Nationwide Survey, October 2008.

¹⁷ Nationwide Survey, October 2008.

¹⁸ Nationwide Survey, October 2008.

¹⁹ Nationwide Survey, October 2008.

²⁰ Nationwide Survey, October 2008.

²¹ Nationwide Survey, October 2008.

²² Nationwide Survey, October 2008.

²³ Nationwide Survey, October 2008.

²⁴ Nationwide Survey, October 2008.

²⁵ Nationwide Survey, October 2008.

²⁶ Nationwide Survey, October 2008.

²⁷ Nationwide Survey, October 2008.

²⁸ Nationwide Survey, October 2008.

²⁹ A Contingency Operation Base is usually occupied by an element larger than Unit of Action (UA) size from a single service or joint services. Its purpose is typically a command and control hub and/or regional logistics hub; characterized by advanced infrastructure for facilities and communications for the expected duration of the operation/exercise. A COB may include an airfield C-130 capable or larger.

³⁰ A Contingency Operation Site is usually occupied by a UA size element or smaller capable of providing local and regional operations, security, and/or humanitarian assistance relief. The site size and capabilities are scalable to support rotation of forces or prolonged contingency operations. Characterized by limited infrastructure and may be dependent on some contracted services.

³¹ A Contingency Operation Location is usually occupied by a battalion sized element capable of quick response to operations, security, civic assistance or humanitarian assistance relief. A COL will be dependent upon COS or CMB for logistical support characterized by stark infrastructure primarily dependent on contracted services or field facilities. A COL consolidates to a COS as the contingency matures.

³² MoI employees not included in ISF numbers: 16,045 Civil Defense Forces, 16,514 FPS forces, 29,411 Oil Police, and 48,753 headquarters and administrative personnel—a total of 110,723 other MoI employees.

³³ Four separate studies informed these Iraqi force end-strength estimates. The first was the May 2007 MNSTC-I In-stride Assessment of growth required in 2008 to protect the population, overmatch the enemy, provide the depth necessary to deploy forces across the country, and implement an annual retraining and reconstitution program. The second was Iraqi Military Service plans focused on the 2010-2015 period, and MoI Plan that addressed near-term police force growth. The third was an MNC-I assessment of the Iraqi Army's required enduring posture by 2010. The fourth was a MNSTC-I directed, MNF-I sponsored Iraqi force analysis conducted by the Center for Army Analysis. The primary objective of this assessment was to determine if the projected, near-term (2010) Iraqi forces were capable of overmatching the anticipated threat. The assessment concluded that the ISF was incapable of overmatching the threat and recommended additional force structure growth and specific capabilities.

³⁴ The chart labeled "MoD Forces: Operational Readiness" totals 186 combat battalions. This total includes 165 Iraqi Army battalions with nine units forming, five Iraqi Special Operations Force Battalions with one unit forming, five infrastructure battalions with one unit forming.

³⁵ The current IqAF fleet consists of 31 fixed-wing aircraft and 46 rotary-wing aircraft (15 Mi-17, 16 UH-1, Huey II, 5 Bell Jet Ranger, 10 OH-58C, 3 C-130E, 3 King Air 350 ISR, 1 King Air LTA, 8 C-172 Cessna, 5 TC-208 Caravan, 3 ISR Caravans and 8 CH-2000).